EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No. 30,797 | Weekend March 18/March 19 1989 | D 8523A

WORLD NEWS

US ends ban on sale of Chilean fruit

The US said it had arranged a programme of tests and security inspections to end a five-day ban on the sale of Chilean produce in the US after the discovery of two grapes containing traces of cyanide.

Food and Drug Administration chief Frank Young told a news conference that all Chilean fruit in the US would have to be destroyed but the way was open for a resumption of imports. Page 24

Murder appeal rejected
The Court of Appeal rejected renewed appeals by three men serving life imprisonment for the 1978 West Midlands shotgun murder of newsboy Carl Bridgewater. The judges said that despite fresh evidence, there was nothing unsafe or unsatisfactory in the convictions.

Drink-drive blunder
More than 700 drivers who may have been wrongly convicted because of a police blunder are to have their cases reviewed. Police surgeons in the Greater Manchester area used swabs soaked in alcohol when taking blood tests, throwing the convictions into doubt.

Scarborough two held
A man and a woman were arrested for alleged possession of a firearm within a few hundred yards of the Crown Hotel Scarborough where many Tories are staying for the conference.

Bomb attack on patrol
An Army and police foot patrol survived a bomb attack in the Republican Beechmount area in west Belfast.

S African police killed
A white South African policeman was shot dead and his colleague wounded in Johannesburg after they were called to break up a group of blacks.

'Missile caused crash'
An inquiry into the mystery crash of a DC9 airliner, which disappeared over the Mediterranean in 1980 with the loss of 81 lives, said the disaster was caused by a missile fired by an unknown fighter jet.

Beirut car bomb kills 12
A massive car bomb which exploded by a crowded east Beirut bakery, 50 metres from the British Embassy's consular office, killed at least 12 and wounded more than 150.

Prince quits match
The Prince of Wales pulled out of a polo match in Dubai for security reasons. Earlier Tehran Radio had denounced the royal tour of the Gulf as an insult to Islam following the Salman Rushdie affair.

Prisoners released
Nicaragua freed from prison 1,900 members of former dictator Anastasio Somoza's National Guard, fulfilling one of Managua's commitments under a Central American peace accord.

Hungary peace move
Hungary said it was ready to host an international peace conference on the Middle East at the request of Palestine Liberation Organisation chairman Yassir Arafat.

Italian tower collapses
Three people died when a medieval tower collapsed onto houses and shops in the northern city of Pavia.

Pole attempt abandoned
Explorer Sir Ranulph Fiennes abandoned his third attempt to walk unsupported to the North Pole, because of appalling surface conditions.

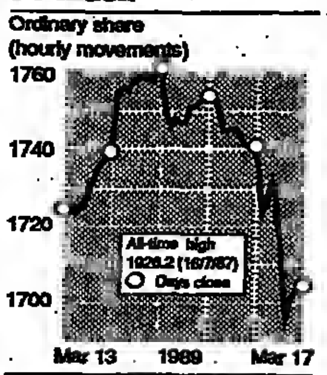
Baby teats withdrawn
The Netherlands ordered two thirds of baby teat brands to be taken off the market after tests revealed that 36 of the 49 brands contained unacceptable levels of toxic residues.

BUSINESS SUMMARY

Hammersmith interest swap case delayed

The High Court is unlikely to be able to hear arguments about the legality of the London Borough of Hammersmith and Fulham's interest rate swap contracts before July at the earliest, leaving the fate of millions of pounds in payments unresolved for months. The case had been expected to receive a hearing by the end of this month. Page 24

FT ORDINARY Index fell 34.6 to 1,705.5, down 19.4 on the week, with news of a sharp rise in US producer prices last month delivering a sudden jolt to confidence. London stock markets, Page 17



HONGKONG Land, one of Hong Kong's biggest landlords, joined the rush of companies to move their legal domicile outside the colony ahead of the reimposition of Chinese sovereignty in 1997. Page 24; Details, Page 12; Lex, Page 24

MARRIOTT Hotels, US-owned hotel chain, aims to treble the number of luxury hotels it has in Europe by the mid-1990s as a result of the liberalisation of European frontiers after 1992. Page 13

BCE, Canada's largest conglomerate, and the Reichmann brothers' Olympia & York Developments have unexpectedly called off their proposed property-sector collaboration. Page 12

SCA, Swedish forestry group, raised its profits after financial items by 27 per cent to SKr2.6bn (£237m) in 1988. Page 12

LWT (Holdings), weekend television contractor for the London area, bounced back from a difficult financial year to record interim pre-tax profits of £16.3m, a 23 per cent rise on the same period last year. Page 10

HOPKINSONS Holdings, UK valve maker, said it had turned down a consortium bid, worth between £8m and £12m, to acquire its core manufacturing unit in Huddersfield, saying it had received a number of better offers. Page 10

WESTLAND dismissed Rowe & Pitman, a stockbroking arm of S. G. Warburg and Co, as its stockbroker because of a possible future conflict of interest over GKN, Page 10.

J. SAINSBURY, UK supermarket group, has awarded its 16- and 17-year-old staff pay rises of up to 40 per cent in an attempt to improve its recruitment and retention of young people. Page 7

CHURCH & Co, the oldest established UK shoe company, announced a fall in pre-tax profits from £5.87m to £5.47m for 1988. Page 10

CHAMBERLAIN Phipps, UK shoe components and adhesives company, said it was unable to recommend either of two rival offers – Evode's all-share offer and Bowater Industries' cash bid. Page 10

MOUNTLEIGH: Mr Tony Clegg, who transformed the UK company from an obscure textile producer to a property trader, has re-asserted his control of the company with the purchase of 14.1 per cent of the ordinary shares. Page 16

US and UK financial markets plunge on interest rate fears

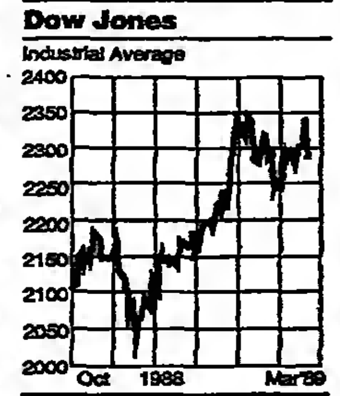
By Janet Bush, Anthony Harris and Simon Holberton

US and UK financial markets plunged yesterday after another substantial rise in US producer prices prompted speculation that the Federal Reserve, the US central bank, will be forced to raise interest rates again.

Producer prices rose 1 per cent last month, seasonally adjusted. That was the same as the January advance to which the Fed responded by raising its target for money market interest rates and increasing its key discount rate by half a percentage point to 7 per cent.

However, the Fed gave no signal in its money market operations yesterday that it had again begun to tighten policy. Mr Robert Giordano, chief economist with Goldman Sachs in New York, said: "The figures are every bit as bad as they look, but the Fed will probably react only mildly."

None the less, the jump in factory gate prices caused the dollar to strengthen in anticipation of higher US interest rates and prompted a concerted round of intervention in the currency markets by the Fed, its West German counterpart the Bundesbank, and many other central banks, to stem its rise.



The US bond market slumped by two full points, taking the yield on the benchmark long bond to 9.31 per cent, its highest level since last August.

On the stock market, the Dow Jones Industrial Average plunged by more than 50 points at the opening and by midsession it was down 50.00 at 2,290.71 on heavy volume of 167m shares. However, by early afternoon it had recovered some ground.

The sharp fall on Wall Street unsettled London equities, which retreated sharply. The FT-SE 100 Share Index staged its biggest fall since March last year, closing 39.5 lower at 2,073.1. The FT Ordinary shed 34.8 to close at 1,705.5.

Prices for long-dated UK government securities, gilts, fell around ½ of a point, although Bank of England buying helped moderate the fall.

Analysts said the US producer price index figures added to the weakness in UK equity prices seen before Wall Street began trading. However, they added that much of the fall could be explained by technical factors.

In the currency markets, central bank intervention, although highly visible, was described by European monetary officials as modest. Total intervention by the nine European central banks, together with the Fed and the Bank of Canada, was put in the low hundreds of millions of dollars.

Demand for the US currency

Continued on Page 24

Japan economic growth in 1988 at 15-year high, Page 3; Economy 'grew by 4% last year', Page 4; Editorial comment, Page 8; Market reports, Pages 14-17; Weekend FT, Pages III-VIII

Lord Alexander appointed next NatWest chief

By Barry Riley

LORD ALEXANDER, the QC and chairman of the City Takeover Panel, is to be the next chairman of National Westminster, Britain's biggest clearing bank.

His appointment as chairman-elect was announced yesterday and follows several months of uncertainty as the bank searched for a successor to Lord Boardman, who is over 70 and was due to retire on April 1.

Lord Boardman will now carry on until Lord Alexander, who will join the board on May 1 as a deputy chairman, takes over on January 1.

Sir Peter Walters, chairman of BP, is to step down as one of three deputy chairman on May 1, although he will remain a director. Sir Peter is believed to have been offered the chairmanship of the bank last year but to have insisted that the 31-member board be trimmed.

Lord Boardman yesterday described the Walters disagreement as "water under the bridge." He added: "I'm sure the board hope he will stay for as long as he can."

He confirmed that Mr Nigel Lawson, Chancellor of the Exchequer, had been mentioned in the boardroom as a potential chairman but was "not a serious candidate."

Emphasising that Lord Alexander would have nine months to play himself in, Lord Boardman said it would be up to the new chairman to decide the right size of board when he had acquired some experience.

Lord Alexander, 52, will regard the NatWest chairmanship as a full-time job. He will be giving up his lucrative career as a barrister in December, and he will step down from the Takeover Panel on October 1 after 2½ years.

The question of the succession at the panel has delayed the announcement of Lord Alexander's NatWest appointment. Lord Boardman said he had been working with the Bank of England over the timing of the statement, and yesterday the panel announced that Mr David Calcutt, QC, will be its new head.

Mr Calcutt, whose legal experience has been wide-ranging and who is president of the Lloyd's of London Appeal Tribunal, said yesterday: "I think a good deal of the skills you learn practising at the bar are relevant to the job."

Lord Alexander's legal experience could be useful in his new post. National Westminster is being investigated by the Department of Trade whose inspectors are looking into the role its County NatWest investment banking subsidiary played during the 1987 rights issue of Blue Arrow.

Yesterday he said he had not had sight of the report of the internal investigation into the affair by Mr Philip Wilkinson, a former NatWest chief executive.

Lord Boardman said he hoped the DTI report would be out before he handed over.

Succession continues a Takeover Panel tradition, Page 4; Man in the News, Page 8

University lecturers refuse to accept 6% pay offer

By David Thomas, Education Correspondent

BRITAIN'S universities headed for a crisis last night as the executive of the Association of University Teachers refused to accept a 6 per cent pay offer described by the employers as final.

University examinations due to be taken soon after Easter look vulnerable to the union's exam boycott unless an early resolution can be found to the pay impasse.

The National Union of Students said last night that this could in turn prompt individual students to sue their universities for breach of contract.

The national executive of the 30,000-strong dons' union had been expected to accept the pay offer made by the Committee of Vice-Chancellors on Wednesday. The offer was made only after the Government intervened last week to make more money available to the universities for 1989-90.

The union objected to the offer because it did not match other public sector settlements and failed to address the claim that lecturers had not had an increase in 1988-89, a claim which the employers dispute.

"Members are clearly incensed that the Committee of Vice-Chancellors and Principals are selling their staff short. There's a real groundswell of anger and opposition to their inflexible position," said Ms Diana Warwick, the union's general secretary.

The executive will table its recommendation at an emergency meeting of the union's governing council today. Ms Warwick said she was certain the council would back the executive.

The union, which believes the universities have more money available, is to try to re-open negotiations with the employers for an improved offer. However, Sir Mark Richmond, chairman of the vice-chancellors' committee, said: "How many times do we have to tell them that there is no more money before they believe it?"

Union leaders had interrupted the day-long deliberations of their executive yesterday to meet the employers and press for more cash.

The National Union of Students yesterday called on the employers to agree to independent arbitration, with the Government agreeing to fund the resulting settlement.

The only glimmer of hope in the increasingly bitter dispute was that the resolution overwhelmingly agreed by the union's executive was careful not to reject the offer, preferring instead the weaker formulation that it was unacceptable. That leaves open the chance that the union might eventually accept the offer if the employers and Government remain adamant.

Thatcher seeks to steady Tory nerves at mid-term

By Philip Stephens, Political Editor

THE PRIME MINISTER will today seek to steady the nerves of Conservative Party activists with a confident reassertion of her determination to push ahead with the Government's crowded programme of legislation.

Mrs Margaret Thatcher's speech, to the closing session of the party's two-day council meeting in Scarborough, North Yorkshire, is also expected to contain a firm commitment to further tax cuts despite this week's cautious Budget.

Mr Peter Brooke, the Conservative Party chairman, yesterday acknowledged that the Government had been hit by "a touch of mid-term blues." The pace and radicalism of its plans for health service reform and for the privatisation of water and electricity had generated short-term problems, he said.

A series of motions for the council meeting tabled by local constituency organisations also reflected unrest within the party about the damaging impact of high interest rates on the Government's popularity.

However, Mr Brooke warned

Continued on Page 24

Debate on Ulster Tories, and Water chiefs campaign to counter 'misinformation', Page 4

Parkinson halts super-pit start

By Maurice Samuelson

MR CECIL PARKINSON, Energy Secretary, has asked British Coal to delay the commencement of work on a £100m super-pit at Margam in South Wales, where the Corporation had hoped to start work in the next few weeks.

Mr Parkinson has asked Sir Robert Haslam, British Coal's chairman, for a financial re-assessment of the scheme, even though Mr Peter Walker, Welsh Secretary, had given it the go-ahead when he was Energy Secretary.

The request for a new study reflects uncertainty in Whitehall about the wisdom of embarking on a major new colliery when British Coal is losing about £100m a year and when its main business – sales to power stations – is about to be put to the test by the privatisation of the electricity industry.

The last-minute reappraisal will cause concern in South Wales, where the project would provide more than 800 badly needed mining jobs in a shrinking coal industry as well as hundreds of contracting jobs during construction.

The drift mine, at Margam near Port Talbot, is intended to exploit Britain's last big deposit of prime coking coal and to replace large quantities of coal currently imported by British Steel from the US, Australia and elsewhere.

The scheme already has local planning permission and could be partly financed by soft loans from the European Coal and Steel Community.

British Coal insists that it intends to proceed and says it is negotiating a flexible working pact there with the Union of Democratic Mineworkers, regarded as essential to its viability.

Two months ago, a Corporation official said that once the agreement on six-day production was complete, he would agree to let out the first contract that afternoon.

The reassessment is likely to go to Mr Parkinson in May after its consideration by British Coal directors.

Among those likely to vet it will be Mr David Kendall, the former accountant and chief executive of BP Oil, who becomes British Coal's joint deputy chairman on April 1.

Uncertainty about British Coal's investment programme could also affect its timing on awarding the next phase of contracts for its £450m super-pit at Asfordby, Leicestershire, where about £120m has so far been spent on the winding shafts and surface buildings.

Dr Kim Howells, the newly-elected Labour MP for Pontypridd and a former research officer of the South Wales National Union of Mineworkers, said last night he was "hardly surprised" about the Margam re-think.

He claimed the Corporation was already under pressure to withdraw from markets other than its mainstream business as supplier to the electricity industry. Cancelling Margam would be consistent with the recent decision to shelve plans for a new anthracite mine at Carway Fawr, he said.

Weekend FT

OUT OF THE ASHES

Fourteen years after the end of the Vietnam War the Communist leadership is pushing through a radical system of perestroika-like reform. John Elliott reports

Page I

The Budget

Lawson's cocktail for savers
Page III

Your wealth could be in Danger
Page VI

Peps get the kiss of life
Page VII

How To Spend It

Lucia van der Post puts her best foot forward
Page XXIII

Diversions

A cavern full of Aboriginal dreams
Page XXI

Arts

Daniel Day-Lewis as the new Hamlet
Page XXV

Report

Swimming pools
Pages XVIII-XIX

MARKETS

STERLING
New York lunchtime:
$1.71425
London:
$1.7135 (1.718)
DM3.215 (same)
FFr10.895 (10.8875)
SFr2.77 (2.7675)
Y225.5 (same)
£ index 96.3 (96.4)

GOLD
New York: Comex Apr $395.6
London:
$392.5 (388.25)

N SEA OIL (Argus)
Brent 15-day Apr
$18.80 (18.60)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.876
FFr6.3525
SFr1.6175
Y131.625
London:
DM1.876 (1.8715)
FFr6.3525 (6.3375)
SFr1.6165 (1.611)
Y131.6 (131.2)
$ index 68.3 (68.1)
Tokyo close: Y131.07

US LUNCHTIME RATES
Fed Funds 9$\frac{13}{16}$%
3-mo Treasury Bills:
yield: 9.16%
Long Bond:
95$\frac{7}{32}$
yield: 9.31%

STOCK INDICES
FT-SE 100:
2,073.1 (-39.5)
FT Ordinary:
1,705.5 (-34.6)
FT-A All Share:
1,076.71 (-1.7%)
FT-A long gilt yield index high coupon:
9.20 (9.13)
New York lunchtime:
DJ Ind. Av.
2,296.79 (-43.92)
Tokyo: Nikkei
32,021.01 (-77.23)

LONDON MONEY
3-month interbank:
closing 13$\frac{3}{16}$% (12$\frac{15}{16}$)

SELLING PRICE IN IRELAND 60p, IN MALTA 40c

CONTENTS

For FT Cityline Directory, FT-SE 100 index and MF Access phone 0898 123456; Stock Market Report, 0898 123001; UK Company News, 0898 123002; sterling rates, 0898 123004. Calls charged at 38p per minute, peak & standard and 25p per minute, cheap rate.

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr7.00; Germany DM2.50; Greece Dr120; Hong Kong HK$12; Iceland IKR125; India Rup15; Indonesia Rp3,100; Ireland I£0.60; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Portugal Esc120; S.Arabia Ris7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup50; Sweden SKr9.00; Switzerland SFr2.30; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L800; UAE Dh6.50; USA $1.00.

Bush Cabinet completed as Cheney sails through

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush plans to finish his review of US foreign and national security policy by the end of next month, following the completion of his Cabinet yesterday with the Senate's confirmation of Mr Dick Cheney as Defence Secretary.

Mr Cheney, until now the Republican Whip in the House of Representstives, wse yesterday epproved by 92 votes to nil in the Senate, amid commendation from botb Republican and Democratic party leaders.

He has sailed through the confirmation process in less than week since he was named to the post by Mr Bush, following the rejection of Mr John Tower at the end of two months of debate.

After being formally sworn in early next week, Mr Cheney will have to preside over the Defence Department's reviews of strstegic priorities and internal management, as well as having to decide how to cut or roll forward its procurement programmes to fit its reduced overall spending targets.

Mr Cheney, though a White House Chief of Staff in the Ford administration, has little direct experience of military affairs. Even so, he has been involved with intelligence matters.

Dick Cheney: presiding over Pentagon reviews

The president has been keen to fill the vacancy at the Pentagon so Mr Cheney can contribnte to the hroader administration review of foreign policy.

The main elements of the internal State Department and Netional Security Council review of policy towards the Soviet Union and eastern Europe are nearing completion and the president wants to complete decisions before Mr Jamee Baker, Secretary of State, visits Moscow in May.

The earliest date for a summit of Mr Bush and President Mikhail Gorbachev of the Soviet Union looks like being in the late autumn. It will be held in the US.

Another senior vacancy in the administration was also on the way to being filled yesterday as blockages were removed from confirmation of Mr Lawrence Eagleburger as Deputy Secretary of State.

His nominatlon was approved unanimously by the Senate Foreign Relations Committee late on Thursday.

This followed a deal in which Mr Eagleburger said he would disqualify himself from departmental matters specifically involving any client which had retained consultancies headed by Mr Henry Kissinger, former Secretary of State, and not only clients wbich Mr Eagleburger directly served as president of the firms.

Mr Eagleburger also agreed to provide the names of the firm's clients in confidence to the committee. This was to provide reassurance about any conflict of interest following tongh questioning from conservative southern Repnblican Senator Jesse Helms, a long-time foe of Mr Kissinger.

Ryanair in £2.5m loss for 1988

By Kieran Cooke in Dublin

RYANAIR, the privately-owned Irish airline which has played a leading role in reducing air fares between Ireland and Britain, made a loss of I£3m (£2.5m) last year.

The airline, which has been operating for less than three years, said plans had been too optimistic in the early days and too many routes had been opened. Mr P J McGoldrick, Ryanair's chief executive, said that after a big company restructuring and a streamlining of operations the airline should make a profit in the coming year. "Some mistakes were made, but these have been corrected," he said.

Ryanair is controlled by the three sons of Mr Tony Ryan, the head of GPA, the world's biggest aircraft leasing company, based at Shannon in the Irish Repnblic. It is understood thet I£6m has been injected into the company, mainly by the Ryan brothers. Streamlining measures include closing loss-making routes and acquiring new, more efficient aircraft.

The airline, which employs 450 people, operates an extensive charter business and will soon take delivery of an Airbus to carry growing numbers of charter passengers.

Distressed dons or malingering mafiosi? Mr Sica wants to know

John Wyles takes the pulse in Palermo

IT STRETCHES the imagination to conceive of many more stressful occupations than that of a Mafia boss, never sure of how to launder his next million dollars and always wondering whether the next shave in the barber's shop will be his last.

What of those meetings of the cupola, the Sicilian Mafia's ruling body, which must lacerate any normal person's nervous system.

Then perhaps capture, followed by months of waiting for trial. The big day arrives, and the suffering, probably dyspeptic, Mafia boss fries behind specially constructed bars in a courtroom where television lights have raised the temperature to unbearable levels.

Little wonder, as the trial drags on for months, as it always does in Italy, thet the citizen of the underworld starts to feel unwell. It is a mere hypothesis that professional stress may account for much ill-health in the Sicilian underworld, and not one the medical profession yet seems ready to endorse.

But it is only a matter of time before the good doctors of that benighted island, who live in the community alongside friends of the "men of honour", prodnce eome reaeonable explanation for the very large number of days Mafia bosses spend in hospital in Palermo rather than behind bars.

That explanations may be needed is the result of a somewhat brusque intervention by Mr Domenico Sica, Italy's Anti-Mafia Commissioner, who seems unlikely to be a man with a eympathetic bedside manner.

His life has had its stresses – he has tracked down and put behind bars more than one top terrorist in his time – but Mr Sica seems in rude health and impervious to the problems of others.

After sending an inquisitive letter to Sicilian judges in the past week, Mr Sica told La Repubblica newspaper: "We are faced with an absolute anomaly. The time spent in hospital by many Mafia bosses is way above normal. We have done a close check and it seems that the average recovery time for the sick in hospital is around two weeks. . .

"We are asking ourselves why the bosses are so exceptional. There are heads of families who have been in hospital for two full years. How come? We think that the mechanisms for diagnosis and treatment are suffering from some anomalies and ehould be corrected quickly."

The flint-hearted Mr Sica seems to need convincing that Mr Pippo Calo, once the Mafia's treasurer, really has needed six months in Palermo's civic hospital for a kidney problem; or that Mr Francesco Madonia, once said to be a frequent attender of meetings of the cupola, could not have managed with less than 14 months in the same hospital for hypertension.

Mr Sica and his colleagues are suspicious of the fondness that these ailing gentlemen have for each other's company. Instead of comparing symptoms and reminiscing about the shoot-out in Via Roma, he wonders if they are not holding summits and discussing the sizes of cement boots which could be attached, in jest, to some of their less-valued colleagues on the outside.

There are about 20 *mafiosi* under the weather in the Palermo hospital and more than a handful being cared for elsewhere on the island.

Mr Sica thinks they should all be runover with a stethoscope, and those found able to walk from the dinner table to the fireside chair returned immediately to the bracing atmosphere of prison.

Bit short of the Florence Nightingale spirit, Mr Sica.

Spanish trade deficit up sharply in February

SPAIN'S trade deficit widened sharply in February to Pta 256.3bn (£1.3bn), 73 per cent up on February 1988. Imports cost a near-record Pta 690bn, a 23 per cent increase on the previous year, while exports rose only 4 per cent, Tom Burns writes from Madrid.

The widening gap showed continued strong growth and demand for exports, despite measures to cool the economy at the begining of the year.

On January 31 the Government withdrew Pta 400bn from circulation by raising the proportion of obligatory deposits that banks have to lodge with the Bank of Spain, and it also forced foreign currency borrowers to place 30 per cent of their loans with the Bank of Spain while continuing to pay interest on the whole loan.

Papandreou reshuffles Cabinet

Mr Andreas Papandreou, Greece's Prime Minister, reshuffled his Cabinet yesterday in a last-ditch attempt to revive his ruling, and flagging, Socialist Party before a general election in Juna, writes Andriana Ierodiaconou in Athens.

But the reshuffle failed to purge the Government of senior ministers implicated in the scandal involving former banker Mr George Koskotas.

The only controversial Cabinet member to lose his job was the Public Order Minister, Mr George Petsos, alleged to be a contact for the discredited banker.

That change was balanced by the firing of Mr Vassos Rotis, Justice Minister. Mr Rotis, a senior jndge, was appointed last November, and fought off political interference in the legal inquiry into the Koskotas scandal.

Guerrillas step up offensive on Salvador poll

By Tim Coone in San Salvador

THE PRESIDENTIAL election in El Salvador tomorrow is taking place amid a wave of rising violence and a new military offensive by the left-wing FMLN guerrillas.

Campaigning finished on Thursday night with accusations of attacks among rival bands of supporters of the right-wing Arena Party, and the centrist Christian Democrats of the incumbent president, José Napoleón Duarte.

The FMLN, meanwhile, has said it will boycott and disrupt the election, threatening to attack the main vote-counting centres and warning voters that they go to the polls at their own risk.

FMLN sabotage attacks have left most of the capital, San Salvador, and many parts of the country without electricity or water for the past two days, and a guerrilla-inspired transport stoppage has left the streets and main highway almost devoid of any means of public transport since Thursday. The telephone system is also badly disrupted.

Yesterday the government banned all radio, tv and news media from pnblishing or retranamitting any calls or messages advocating abstention in the election.

Arena is widely tipped to win the biggest number of votes. However, if it does not obtain an absolute majority, a second ballot will be necessary. That would be held in approximately two weeks.

The main question mark is over whether FMLN disruption will undermine the vote for the left-wing Democratic Grouping (Convergencia Democrática), whose presidential candidate, MrGuillermo Ungo, is a political ally of the FMLN. Some analysts believe that CD support can push the ruling Christian Democrats into third place, which would create a straight electoral run-off between the right and left in a second ballot.

Bonn social spending agreement

The West German Government has averted a cabinet split by reaching agreement on a package of extra social spending which will add about DM3bn (£933m) to government expenditure by 1992, David Marsh writes from Bonn.

The compromise between the conservative coalition parties and the liberal Free Democrats hinged on an accord to increase child allowances for the second child in a family to DM130 per month from DM100. The increase will come into effect next year. It will benefit only medium- and low-earning familes.

A row over the issue this week highlighted differences in the coalition after a string of election setbacks for the governing parties. However, Chancellor Helmut Kohl, keen to patch up the squabble before the Easter holiday, said after the compromise that coalition solidarity was unwavering.

French prices up 0.3% for month

French consumer prices rose by 0.3 per cent in February, taking the inflation rate up to 3.4 per cent over the last 12 months, George Graham writes from Paris.

Althongh the increase elightly widens the gap in inflation rates between France and West Germany, it improves the French performance in relation to other big indnstrial countries, the Finance Ministry said.

Fokker poised for $3bn breakthrough US order

By Laura Raun in Amsteram

FOKKER, the Dutch aerospace group, appears poised for a marketing and financial breakthrough with an expected $3bn order from American Airlines. The order for 75 Fokker-100 aircraft and a firm option for another 75 is likely to be announced on Wednesday.

The group hopes for more big US contracts soon, marking the major move into the US that it has long sought and financial break-even for the 100-seat aircraft.

Fokker makes short- to medium-haul airliners and is one of the bidders for Short Brothers, the Belfast aerospace company being privatised by the British Government.

Fokker'e fortunes have soared recently with more than $800m of orders, including one for five Fokker 50s announced on Tuesday. American Airlines is expected to exercise all its options, taking delivery of the F-100 twin-jets between 1991 and 1994.

That deal would lift the order book for the F-100 to 212 firm deals and 178 options, passing the break-even of 300 aircraft.

Fokker claims the contract is its biggest ever. Negotiations are also under way with United Airlines about buying 50 F-100s and taking an option on another 50.

Talks also are being held with USAir about exercising its existing options for the F-100, and with Braniff, which already plans to lease Fokker-100s from the leasing company jointly owned by Fokker, GPA and Mitsubishi.

The American Airlines deal will intensify the need for Fokker to expand production capacity soon, possibly through the joint acquisition of Shorts with GEC of Britain. Other options are launching manufacturing in the US and expanding production in the Netherlands.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1989.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, DENMARK. Telephone (01) 13 44 41; Fax (01) 935335.

OVERSEAS NEWS

Japan economic growth in 1988 at 15-year high

By Stefan Wagstyl in Tokyo

THE Japanese economy last year grew by 5.7 per cent, the fastest rate for 15 years, thanks to strong domestic demand, according to figures published yesterday.

The rate for the fourth quarter was an annual 3 per cent, down from the peak of 9.5 per cent in the third quarter, the Government's Economic Planning Agency said.

The slow-down was due mainly to a levelling in the rate of growth in private consumption between the quarters. The long illness of Emperor Hirohito played a part in dampening spending, especially on entertainment.

For the year as a whole, domestic demand pushed up gross national product by 7.8 per cent, but this was offset by a 1.9 per cent decline in external demand — exports minus imports. However, private economists said that in the fourth quarter external demand increased sharply, following a recovery in exports. This bodes ill for hopes of continued decline in Japan's trade surplus.

Meanwhile, the Nihon Keizai Shimbun, Japan's leading business newspaper, reported in a survey of 1,041 companies that industry expected further growth in profits in the year to March 1990. Excluding financial groups and power utilities, industry expects to see pre-tax profits rise 9.4 per cent. For manufacturing industry the figure was 10.2 per cent.

Profits at power utilities are expected to fall because the government-imposed rate cuts, so the benefits of lower costs brought about by the high yen will pass on to customers.

Brewers in ferment over EC review plans

Lisa Wood and **William Dawkins** on an inquiry into exclusive purchase agreements

EUROPEAN brewers were surprised and puzzled yesterday by the decision of the European Commission to review their industry once again.

The investigation, initiated by Sir Leon Brittan, the UK Commissioner for competition policy, will focus on the exclusive purchasing agreements through which brewers typically sell to pubs and bars in all European countries except Denmark.

The most common exclusive purchasing system for most of Europe, except Britain and Denmark, is the so-called loan-tie arrangement, whereby brewers offer bar owners cheap credit in exchange for exclusive purchasing accords, a type of deal which has already been challenged — unsuccessfully — in the European Court of Justice.

In Britain, exclusive purchasing operates under the tied-house system, the method by which brewers own their own pubs.

The announcement of the Commission's review came as a particular shock to UK brewers. The British Government is expected to publish next week a report, prepared by its Monopolies and Mergers Commission, into the UK brewing industry and, in particular, its tied-house system.

Stockbrokers in London interpreted the Commission's move as paving the way for more radical proposals from the MMC's investigation. In particular, City analysts said breaking the British tie system was consistent with the EC's statement.

The EC's ruling on brewing and exclusive purchase agreements came in 1984, when Brussels granted a so-called block exemption from EC competition restrictions, allowing exclusive purchasing agreements in a whole range of industries, including brewing, subject to strict conditions. Normally, anti-competitive agreements are banned by Article 85 of the Treaty of Rome, but the Commission is allowed to make exceptions when wider interests are at stake, such as improved distribution, as in this case. The block exemption should run until the end of 1997, but the Commission is free to review it at any time.

London brokers interpreted the Commission's move as paving the way for more radical proposals from the Monopolies Commission's investigation into the UK brewing industry and, in particular, the tied-house system

The broad aim of the new review into European brewing announced this week is "to enable the Commission to take all measures necessary to ensure that no appreciable impediments remain to the opening of national markets". In particular, the Commission will be looking at the block exemption.

The EC's objectives, and those of the UK Government in its two-year investigation of the industry, appear to be similar. Both want to ensure the industry does not restrict competition.

The paradox is however that should the UK Government next week recommend a radical shake-up of the brewing industry — such as an abolition of the tie or the end of loans to the free trade by brewers in return for sales of beer — it could be pushed into direct conflict with the Commission.

For although a review is being made of the Commission's block exemption to the European brewing industry, the rule still stands and could be used as a weapon by British brewers if they decide to contest government recommendations for their industry. Either an individual British brewer could challenge a UK government proposal to abolish the tie, or the EC could act in defence of its own ruling.

This could provoke an open battle between the UK and the Commission as to who has final jurisdiction over competition policy. This could be another twist in Brussels' long-running campaign to test just how far it can push the boundary between its competition powers and those of national authorities.

In theory, Brussels can enforce competition rules only for cross-border trade, but the line with purely national trade can be hard to draw, especially when pubs and bars across Europe typically sell beer from several member states.

The City yesterday was not expecting such sophistry, with analysts arguing that the UK Government might just have asked for the block exemption to be quietly removed, to facilitate its own radical proposals for UK brewers.

However, government departments yesterday seemed surprised at the timing of the Commission's review.

Indeed, the City's interpretation appears parochial, with the block exemption being critical to the survival of many Continental brewers. Market-wide withdrawal of the block exemption would have wide consequences on the whole European beer market.

British observers say the Commission could make an exception for the UK brewing industry. Under Article 14 of Article 85 the Commission could, at its discretion, withdraw the block exemption in certain particular circumstances, such as if an agreement between two parties meant the access of other suppliers to distribution was made difficult in a substantial part of the Community.

Officials declined yesterday to say whether they knew of any discussions with the UK Government about whether the Commission would be willing to make such a withdrawal.

However, when the spotlight goes on to the UK beer market next week, with the British government recommendations for change in the industry, the whole European brewing industry could be affected.

And brewing is no stranger to Brussels' attentions, partly a reflection of the beer market's importance as the largest branch of the food industry after dairy and meat, and partly because of the number of competitive barriers different member states have built around it.

Turkish 'turban' protests renewed

By Jim Bodgener in Ankara

PROTESTS against the banning of "turbans" in Turkish universities broke out again after Friday prayers outside mosques all over Turkey yesterday. At least 57 people were arrested countrywide as demonstrators called for the resignation of the secularist President, Mr Kenan Evren.

This new demand appeared to be common to the protests in Istanbul, Izmit, Bursa, Malatya and Diyarbakir.

On Tuesday, after Islamic demonstrations last weekend, the Turkish Government warned Iran not to encourage the protestors or interfere in Turkey's internal affairs.

The protests are against the annulment on March 7 by the Constitutional Court of a decree passed by parliament last November permitting the wearing of the "turbans" — really headscarves — in higher education institutes.

Mr Turgut Ozal, Prime Minister, whose ruling Motherland Party (ANAP) contains a large Islamic conservative faction, has repeatedly said he will try to overturn the court's ruling. He faces critical local elections on March 26.

Hong Kong prime rate raised to 11.5%

By John Elliott in Hong Kong

HONG KONG'S prime lending rate is to go up by half a percentage point to 11.5 per cent on Monday, the second increase in two weeks and the third this year. The Hong Kong Association of Banks decided on the move in response to higher Hong Kong dollar market rates and US dollar rates.

The new level of 11.5 per cent will be the highest in Hong Kong for over three years, but is in line with government policy. Mr Piers Jacob, Financial Secretary, said in his budget speech at the beginning of the month that, as far as possible, interest rates should be kept high to combat inflation, now at around 10 per cent.

The increase will bring the Hong Kong prime into line with US prime rates. Usually Hong Kong lags behind the US by about half a point to help maintain an official peg between the Hong Kong dollar and the US dollar at a rate of HK$ 7.8:US$ 1.

Stockbrokers speculated last night that the increase could dampen the Hong Kong stock market on Monday. Last night the Hang Seng index closed at 3,186.4, compared with a 1989 high of 3,309 on February 9.

Gandhi to publish assassination report

INDIAN Prime Minister Rajiv Gandhi yesterday gave way to furious opposition demands that he publish the report of a judicial inquiry into the assassination of Mrs Indira Gandhi, his mother and predecessor, Reuter reports from New Delhi.

He told parliament — where angry scenes on Wednesday followed purported leaks of the inquiry that seemed to suggest a senior aide to Mr Gandhi might have had a role in the 1984 killing — that he would give it the report after a holiday recess ending on March 27.

He said a claim in the Indian Express newspaper that the inquiry pointed a "needle of suspicion" at Mr R K Dhawan, an aide to Mr Gandhi and confidant of his mother, was "fuelling wilful distortion, malicious innuendo and irresponsible character assassination".

He said: "To put a stop to this, it is important that the full text of the report be made public."

The Indian Express article led to angry scenes in parliament as the opposition demanded that the report be published.

More than 60 opposition members were suspended for the week and their colleagues boycotted the session in sympathy.

De Klerk urges new S Africa constitution

By Anthony Robinson in Johannesburg

MR F W de Klerk, the recently-elected leader of South Africa's ruling National Party, yesterday called for a drastic review of the office of president and the drawing-up of a new constitution.

This latest move in the country's long political and constitutional crisis follows the frustration by President P W Botha of Mr de Klerk's attempt, backed by the party, to take over the wide executive powers held by the president. Mr Botha returned to active politics this week after suffering a mild stroke two months ago.

Speaking during the "own affairs" budget debate in the white House of Assembly, Mr de Klerk recalled that the party's federal council and caucus had last week voted for unification of the powers of president and party leader in the hands of one person, the party leader.

He added: "There is no doubt in my mind that the office of the state president — his role and functions — will have to be reviewed drastically in tandem with other constitutional developments and reforms." He concluded: "A new constitution, differing from what we have today, must come about."

He described Mr Botha as "our retired leader", in a key sentence in which he expressed "my and my party's wish that the relationship with our retired leader shall remain warm, sincere and healthy."

Mr Botha himself, however, has amply demonstrated that he does not consider himself a retired leader, except in the narrow sense of having given up the party leadership. He retains such key executive powers as the right to hire and fire the cabinet.

● A joint commission from Angola, Cuba and South Africa will convene in Havana on Monday to report on its monitoring of December peace accords on Angola and Namibia, the official newspaper Granma said on Friday, Reuter reports from Havana.

It will mark the first time a South African delegation has made an official visit to Cuba, which does not recognise the Pretoria government.

Economy 'grew by 4% last year'

By Simon Holberton, Economics Staff

THE BRITISH economy grew by 4 per cent in 1988 but was slowing by the end of the year, according to the Central Statistical Office yesterday.

The second year of buoyant growth – the economy grew at the same rate in 1987 – was accompanied by an acceleration in domestic inflation. The gross domestic product deflator, the best guide to cost pressures in the UK, rose by 6.3 per cent last year, but by 7 per cent in the last quarter when compared with the same period of 1987.

The CSO's latest figures, which vary slightly from those Mr Nigel Lawson, the Chancellor, quoted in Tuesday's Budget, show that the economy grew by 0.5 per cent between the third and fourth quarters. This indicates a moderation from earlier in the year.

The nature of the slowdown is clouded, however, by the problems with the statistics.

The latest statistics substantially revise figures for total investment in the UK. The CSO has raised its estimate for investment in the first nine months of last year by nearly 7 per cent, or £3.5bn discounted for the effects of inflation. It estimates that total investment rose 12 per cent during the year, while consumer spending rose by 6.5 per cent over the year.

The CSO's measure of growth in 1988 differs slightly from Mr Lawson's figure, which showed the economy had grown by 4.5 per cent during the year. Mr Lawson had relied on the output measure of gross domestic product.

The CSO reverted to using its average measure of GDP, which it suspended temporarily late last year because some of the data used to compile official figures were regarded as unreliable. The average measure is an unweighted average of GDP as measured by output, income and expenditure.

Officials cautioned against reading too much into comparisons between the third and fourth quarters of 1988, as measured by expenditure. The third-quarter figures appeared erratically low in spite of revisions, they said.

GDP as measured by expenditure grew by only 2.5 per cent last year. This compares with growth rates of 4.5 per cent for both the output and income measures of GDP.

A week ago the CSO published a set of "balanced" national accounts for 1985-87, which attempted to reconcile the large statistical discrepancies in the accounts. Officials said this exercise would be attempted for 1988 as well but they were not able to say when.

Water chiefs campaign against 'misinformation'

By Richard Evans

THE 10 water authority chairmen in England and Wales have launched a campaign among MPs to counter what they claim is a welter of misinformation about the industry's privatisation.

The chairmen had regarded privatisation as an issue for politicians but they have become increasingly alarmed by the lack of public support for the flotation and by the "misinformation."

They have written a joint letter to MPs before the report stage of the Water Bill in the Commons next week. The letter makes three key points.

First, that regardless of the politics of the debate, both the UK and European Community legislators had agreed new water quality standards.

Second, they emphasise that in their view the status of a public limited company created by privatisation would provide the most efficient structure within which to pursue the business of water undertaker with maximum efficiency and employee motivation.

Third, they suggest it would benefit everyone to ensure full accuracy in the political debate and to avoid the risk of unwarranted alarm through inaccurate and incomplete facts.

An information sheet says that 92 per cent of rivers in the UK and 66 per cent in England and Wales are in class one compared with 39 per cent in Europe overall; 67 per cent of identified beaches comply with EC requirements and the minority will comply by 1995; and 96 per cent of the UK population is connected to a sewer, the highest in Europe.

Difficulties in meeting some EC requirements, would be overcome by improvement programmes being implemented now or planned.

The information sheet concludes that UK water prices are among the lowest in Europe and even with price rises to pay for future environmental and water quality improvements, would remain among the lowest.

Hinkley inquiry bars 'leaked' documents

By David Green

MR MICHAEL Barnes QC, the Hinkley Point C inquiry inspector, ruled yesterday that "leaked" Central Electricity Generating Board documents were not *admissible* for the hearing.

The National Union of Mineworkers wanted to refer to the documents in its cross-examination of Mr Frank Jenkin, the board's corporate director of strategic studies and its leading witness at the inquiry into plans for the nuclear power station.

The documents, including a memorandum and drafts of speeches by Mr John Baker, the board's managing director, expressed concern about the financial risks after the privatisation of electricity supply.

Mr Barnes said it was clear that the originals of the documents had been stolen. He did not believe the documents would greatly help Mr Cecil Parkinson, the Energy Secretary, in making a decision.

Mr David Feickert, for the union, said the way the documents had been obtained did not affect their importance.

Lord Silsoe QC, counsel for the board, said the documents were not for publication.

Calcutt succession continues a Takeover Panel tradition

Nikki Tait examines the commercial background of the newly-appointed Takeover Panel chairman

LORD ALEXANDER'S appointment as chairman-designate of clearing bank National Westminster yesterday opened the way for *Mr David Calcutt* to succeed him as chairman of the Takeover Panel, the City's regulatory authority on bids and deals.

Mr Calcutt, 59, moves into the job at the beginning of October. The chairmanship will remain a part-time appointmant, with the day-to-day functions of the Panel being handled by its executive under director-general, Antony Beevor.

It was stressed yesterday that the chairmanship does not carry a fixed term of office but that – in contrast to Lord Alexander's rather brief two-year term – an incumbent might normally be expected to remain in the position for at least four to five years.

In one respect, at least, Mr Calcutt shares a similar background to Lord Alexander. Both are QCs and yesterday Mr Calcutt said his legal experience had been wide-ranging, *encompassing* commercial law but other areas as well. This, he suggested, was not entirely accidental. He said: "I think a good deal of the skills you learn practising at the bar are *relevant to the job.*"

Mr Calcutt was a choral scholar at King's College, Cambridge, and was *later* called to the Bar in 1955. He was the Department of Trade Inspector into Cornhill Consolidated Group in the mid-seventies and subsequently served on a number of goverment commissions and inquiries. He has also been a judge in the Courts of Appeal of Jersey and Guernsey

Mr Calcutt was chairman of the Bar Council in 1984/5, with Lord Alexander acting as his vice-chairman, and since 1986 has been Master of Magdalene College, Cambridge. Yesterday, Mr Calcutt stressed that he hoped to keep on both this latter role and a certain number of his judicial appointments.

He is probably best known to the City through his role at the Lloyds of London Appeal Tribunal, where he was deputy-president to Lord Wilberforce between 1983 and 1987, and then president from 1987 onwards. The Appeal Tribunal formed part of the new disci*plinary system set* up at Lloyd's in the early eighties, and in its early days faced a fairly heavy workload. Again the paths of Mr Calcutt and Lord Alexander coincided – this time on different sides of the fence. When Ian Posgate appealed to the Tribunal in 1985, it was Lord Alexander who represented him.

Lord Alexander stepped into the chairman's role at the Panel at a delicate time – *shortly* after the Guinness affair – when questions about the need for a statutory authority were at their height.

Yesterday, however, Mr Calcutt was quick to stress his own *commitment* to *self-regulation*. He said: "I believe a non-statutory system is much to be preferred," citing flexibility as one of the principal benefits. "I will do all I can to encourage it."

On the European front, he is equally firm. "Part of my job will be to persuade people that the British way is the best way."

On a lighter note, he cites a rather unusual recreation in Who's Who – "living on Exmoor." That, he says, represents a retreat to a very remote part of the country, where walking is a hobby and relatively littla intrudes. "Yon can," he comments, "truly recreate."

He remains hopeful that his *additional* Takeover Panel task will still allow sufficient time for this.

SIB warns public on W Indies sales group

By Clive Wolman

THE SECURITIES and Investments Board, the chief investor protection agency, yesterday took the unprecedented step of issuing a public warning against a Caribbean share selling company. It advised investors that have already sent the company cheques to try to stop them.

The SIB said that the company, Atlantic and First National Securities, based in the Netherlands Antilles, was breaking UK law by "using high-pressure selling techniques, inclnding unsolicited phone calls and advising investors to buy units in a fund." The company, it said, was not *authorised* to *carry on investment* business in the UK.

The chief target of the company appears to be the 2,000 investors who purchased shares at greatly inflated prices in a *US-registered* company called Euramco. The shares were sold over the telephone by a Swiss firm, Pantell, which was shut down by the Swiss authorities on March 7. Pantell's directors – in particular a German, Dr Axel Schubert – appear to own most of the shares in Euramco through intermediate companies.

On March 8, the UK courts, at the request of the SIB, froze two of Pantell's bank accounts in Knightsbridge, London, and Guernsey. But this has allowed the SIB to trap only about £100,000 whereas the total sum invested was between £2m and £8m.

Over the last 10 days, some of the Euramco investors have been contacted by telephone by salesmen from Atlantic and First National Securities, in Curacao. They have offered to buy back the Euramco shares at a favourable price but only on condition that the sale proceeds plus additional money *are invested in another fund,* called Nihon 4, which purports to invest in Japanese stocks. The SIB is trying discover whether or not the fund is a genuine one.

SIB yesterday warned investors against responding to telephone calls from the salesmen and told them that any agreement made over the telephone is unenforceable in UK law.

If a cheque to buy a stake in the fund has already been sent to Curacao, it should be stopped.

BSB and Fortel agree on satellite aerial patents

By Raymond Snoddy

BRITISH Satellite Broadcasting yesterday announced that it had reached agreement with Fortel, the small Scottish company that has been developing its squarial – the flat, square aerial system for satellite television.

Relations between BSB, which plans to launch three channels of satellite television in September, and Mr John Collins, managing director of Fortel, have been strained in recent weeks. This led to contacts between Fortel and BSB's rival, Sky Television.

BSB has now bought ont rights in the squarial patents, for which Fortel has applied.

BSB, whose major shareholders include the Bond Corporation of Australia, Granada, Pearson, publisher of the *Financial* Times, and Reed International, will have *exclu*sive marketing and manufacturing rights to the antenna in the member countries of the European Broadcasting Union, plus Australia and New Zealand.

Mr Collins, who is to become a BSB consultant, will retain the rights for the rest of the world.

BSB said it intended "to appoint antenna manufacturers in the coming weeks."

A working prototype of the Fortel squarial was successfully demonstrated earlier this month, using signals from the French satellite TDF-1.

The squarial, which is about *1 ft square and* 2¼ in thick, is at the centre of BSB's marketing campaign with the slogan: "Its Smart to be Square."

It is believed BSB will also have an alternative supply of *squarials* from GEC *Marconi*.

TV Guide previewed

MR RUPERT MURDOCH's new British magazine TV Guide is about to become one of the UK's largest circulation magazines – for a day at least.

More than 5m copies of the preview issue of the new magazine, davoted to everything that goes on a screen, will be distributed tomorrow inside the News of the World colour magazine.

Mr Ian Birch, editor of TV Guide to be launched on Tuesday at a price of 40p, is looking for a settled circulation of about 350,000. The magazine will be unashamedly populist.

TV Guide is seen as Mr Murdoch's vehicle for creating a full television listings magazine, in case Radio Times and TV Times lose their monopolies on broadcast listings.

Under existing rules, TV Guide will be able to carry between 70 and 80 BBC and ITV programme recommendations a week as well as details of all the satellite channels.

Debate on Ulster Tories

THE CONSERVATIVE Party yesterday bowed to pressure from grassroots activists and agreed *to a full debate* at its autumn conference on the establishment of local constituency organisations in Northern Ireland.

Sir Peter Lane, chairman of the party's Executive Committee, told the Conservative's annual council meeting in Scarborough that he recognised the strength of feeling generated by last year's refusal to allow the North Down Model Conservative Association to affiliate to the national union.

Party leaders have consistently opposed the establishment of a party organisation in Northern Ireland, arguing that it could *undermine* efforts to bring peace to tha province. There are fears that Conservative candidates standing in elections might split the Unionist vote.

Vosper bids to build dock for Trident submarines

By Lynton McLain

VOSPER Thornycroft, the warship builder, has formed a consortium to bid against three other industrial groups for the construction of a plastic-covered dock for Trident ballistic missile submarines.

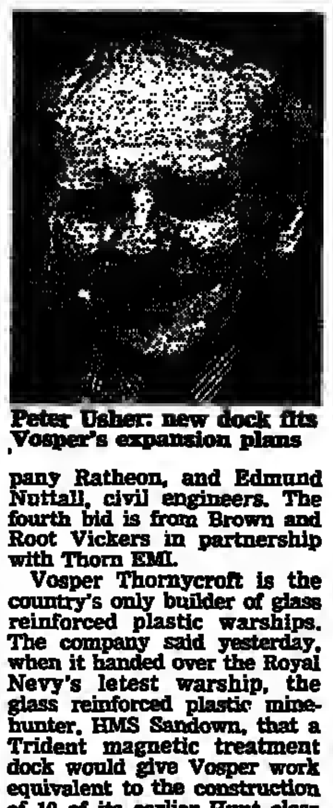
The order could be worth up to £100m. The contract will be ewarded next month and work could start in May at the Faslane submarine base on the Gareloch, off the Clyde.

The dock will be a treatment facility using electric coils to remove magnetism from the hulls of Trident nuclear submarines, enabling them to avoid detection and preventing them from detonating magnetic mines.

Vosper is offering the Ministry of Defence e glass reinforced plastic floating dock, to be built with Tarmac and Dowty Boulton Paul.

A consortium led by Ferranti Computer Systems has submitted a competing tender. Other members of the consortium are Swan Hunter Shipbuilders and Ferranti Resin, a subsidiary of Ferranti in Peterlee, which makes glass reinforced plastic fuel tanks and is also proposing a plastic dock.

Another bid is from Cossor Electronics, in a consortium with the submarine signals division of its US parent company Ratheon, and Edmund Nuttall, civil engineers. The fourth bid is from Brown and Root Vickers in partnership with Thorn EMI.



Peter Usher: new dock fits Vosper's expansion plans

Vosper Thornycroft is the country's only builder of glass reinforced plastic warships. The company said yesterday, when it handed over the Royal Nevy's letest warship, the glass reinforced plastic minehunter, HMS Sandown, that a Trident magnetic treatment dock would give Vosper work equivalent to the construction of 10 of its earlier Hunt class mine counter-measure vessels.

Vosper is seeking more work for its glass reinforced plastic production facilities because within the next two years it intends to start producing plastic vessels at its Porchester yard, Portsmouth. It also has production facilities at Woolston, Southampton.

The development of a second production centre will enable Vosper Thornycroft to complete five orders from the Royal Navy for Sandown class minehunters and six orders for minebunters from Sandi Arabia as part of the multi-billion pound Al Yamamah defence equipment contract negotiated last year.

Vosper also has potential orders for up to 20 Sandown minehunters from other Gulf states. The company is seeking other work, such as the plastic magnetic treatment dock, in case these orders do not materialise.

Mr Peter Usher, managing director of Vosper Thornycroft, said yesterday that the company's bid for the Trident magnetic treatment facility very much fitted in with its ambition to be a manufacturer of glass reinforced plastic structures and not just ships alone. Glass reinforced plastic was e very good long-term civil engineering material, he added.

Armed forces may learn business discipline

Lynton McLain on plans to make military commanders responsible for their budgets

ROYAL NAVY captains, air commodores and senior Army officers could be in charge of their own military businesses in two years' time, wearing a metaphorical bowler hat with their uniform.

Officers could be running warships, RAF stations or army units as businesses, with e separate budget, an operational plan and incentives to make the best use of funds. An idea of the overall scale of the businesses they would be managing is the £29bn available for spending on the armed forces in the current financial year.

The unprecedented plan is taking shape at the Ministry of Defence (MoD). Details will be unveiled in the defence white paper in May with the intention that the strategy should be implemented from April 1, 1991.

Although the plan stops short of forming warships into limited companies, a large number of military units are to be formed into "autonomous business areas," according to the ministry. A captain or commander is likely eventually to act as chief executive of his business unit.

Army officers in West Germany could be operating squadrons of main battle tanks as financial units with their own budget, if the commander in chief of the British Army of the Rhine (BAOR) made a case for delegating financial responsibility that far down the line. The MoD said: "If he wants, the commander in chief, BAOR, or any other commander, will be able to set up his own little businesses, but we are not insisting on this."

In the RAF, the MoD said, the logical way for the budget plan to go would be for operational finances to be put on a station by station basis, with financial responsibility for maintenance, fuel, training and the use of munitions all in the hands of individual station commanders.

Incentives would take the form of giving officers a measure of freedom to re-allocate money they saved from, say, fuel consumption, into other operational areas, snch as training or equipment.

The New Management Strategy, as it is being called, is in response to the policy laid down in a report to the Prime Minister last year, The Next Steps, from the Downing Street Efficiency Unit. Details of the strategy were sent to all commanding officers in November.

The MoD said: "The strategy is designed to make the search for efficiency a necessary part of the operation of the armed forces."

The changes were being made, it said, because operational commanders "all too often had regarded the financial aspects of operations as someone else's problem and because there was little incentive for commanders to use resources as efficiently as possible." By giving officers greater control and responsibility for the financial aspects of their operations, they would have an incentive to use their resources as efficiently as possible.

Under the current regime, the commanders in chief for each of the three services are responsible for carrying out operational tasks in line with UK defence policy but they have no responsibility for the money that these operations cost.

At present, all money for the operation of the three services is allocated and controlled centrally by the ministry. The money is allocated down to "vote managers" – civil servants in the ministry who are responsible for each area of expenditure.

They are also responsible for controlling costs, with the vote manager able to impose cuts. The MoD said: "This is the biggest bane of military people. We will remove this control from the vote managers and pass the responsibility to the commanders in chief."

Under the new strategy, budgets will be assigned to the costs of everything run by the ministry, other than defence procurement.

There will be 20 or so top-level budgets held by commanders in chief and members of the boards of the three services. The sub-structure for budgets beneath these top levels is still being finalised.

The MoD said: "The aim is to let the people responsible for operations know the costs of what they do, down to fairly fine detail. Eventually we will know what all our costs are."

At present, this is not possible. The ministry said: "It should be a matter of course that people know the cost of operating equipment but the Ministry of Defence would have to mount a special exercise to find out the cost of a day's running of a Challenger main battle tank, or anything else. You would have to ask about 150 people what the costs were."

Under the proposals, commanders managing individual budgets will have to agree to carry out operational activities to the required standard within the resources allocated.

The armed forces will have some freedom to decide how money allocated to them by the MoD in e budget should be spent in enforcing defence policy. Each budget will have a three-year span. In turn, the branches of the services will be more accountable for the money they spend.

There will be other changes. Commanders at present are told what their objectives are, without being consulted about alternative ways of meeting them. When they take charge of their own budgets, commanders will be consulted by ministry officials about alternatives.

Commanders in chief will also be able to contract out aspects of their operations. The MoD said: "We are not setting all these businesses adrift but it is, in principle, the commander in chief's job to run his business."

The cost of operations will be considered in parallel with the military objectives which the operations are designed to achieve, as operational commanders conduct cost/benefit studies for the first time.

The MoD acknowledges that the workload for senior officers will greatly increase. The changes are expected to lead to demands for a flood of civilian accountants and financial managers to work alongside the military.

"We will give the commanders in chief extra staff and we must borrow the best practices from the private sector," the ministry said. "We have reached the limits of what we can achieve under the existing system."

Hermon says IRA threat undiminished

By Our Belfast Correspondent

SIR JOHN HERMON, Chief Constable of the Royal Ulster Constabulary, warned yesterday that the terrorist threat in Northern Ireland was undiminished.

In his last annual report before retirement in May, Sir John said that only the efforts of the security forces had prevented the IRA from realising its full plans for e bloody year.

The report shows that 28 of 93 people killed as a result of terrorism last year were regarded as known terrorists, while 33 soldiers and six RUC officers were murdered.

Sir John said: "Throughout 1988, it was necessary for the police to warn the public that the Provisional IRA was intent on a bloody year, armed as they were with substantial quantities of Libyan-supplied rifles, Semtex high explosives, heavy machine-guns, flame-throwers and surface-to-air missiles.

"The threat from the Provisional IRA has not diminished, and the continued vigilance and assistance of the public is vital in conjunction with the on-going operations of the security forces."

The Chief Constable also attacked the "hypocrisy" of the IRA's attempts to distance itself from the murder of civilians.

Sir John said: "As far as the police are concerned, there are no legitimate targets for murder. Police officers and soldiers are innocent victims, too, and their deaths no less in value.

"That said, the Provisional IRA has shown time and time again that their 'mistakes' in killing and maiming civilians are an inevitable, unavoidable part of their campaign. They know it – and their apologies and explanations are fraudulent."

Sir John said that Loyalist paramilitary activity was also a cause of serious concern.

He added that the security forces were committed to fighting terrorism impartially. This was reflected in the arrests of both Loyalist and Republican activists and the seizure in 1988 of 489 weapons, 105,000 rounds of ammunition and nearly five tonnes of explosives.

Commenting on the Stalker-Sampson inquiry into allegations that the RUC operated a shoot-to-kill policy in South Armagh in 1982, Sir John said: "For years the RUC has had to endure distortion, in accuracy and on truth, circulated by some politicians and some elements of the media. At last, the allegation so harmfully and sensationally publicised for so long has been proved false."

Kawasaki and Harland discuss possible link-up

By Our Belfast Correspondent

KAWASAKI, the Japanese shipbuilding and heavy engineering group, has held talks with Harland and Wolff, the Belfast shipbuilder, about a possible link-up after the compeny is returned to the private sector.

Harland and Wolff confirmed yesterday that representatives of Kawasaki had held preliminary discussions with senior executives from the company abont co-operation in the future.

Mr John Parker, chairman of Harland, is understood to be close to agreement with the Government on e management and employee buy-out of the company. Mr Fred Olsen, the Norwegian ship owner supporting the buy-out plan, is understood to have initiated the discussions with the Japanese company.

Kawasaki, best known in the UK for its high performance motorcycles, has experience of building the type of tankers that Mr Olsen plans to construct in Belfast.

Bulk Transport, the London-based shipping group, is still hoping to acquire the yard but the buy-out proposal has emerged as the Government's favoured option.

Court will rule next week on Plessey-GEC dispute

By Raymond Hughes, Law Courts Correspondent

THE COURT of Appeal will give judgment next Wednesday on the renewed ettempt by Plessey to force the sale to it of General Electric Company's half share of GPT, their joint venture telecommunications company.

Last month the High Court granted GEC a declaration that Plessey was not entitled to exercise an option in the GPT agreement compulsorily to buy out GEC's 50 per cent shareholding. Yesterday, the appeal court finished hearing Plessey's challenge to the High Court decision.

Plessey has argued that its option right was triggered by last November's agreement between GEC and Siemens, of West Germany, to make a takeover bid for Plessey.

GEC accepted obligations to Siemens in relation to e proposed restructuring of GPT after a successful takeover which, Plessey claims, breached the GPT joint venture agreement and entitled it to exercise the option.

In the High Court Mr Justice Morritt agreed with GEC that the obligations did not exist until the bid became, or could be declared, unconditional.

The bid was referred to the Monopolies and Mergers Commission on January 12, as a result of which the offer lapsed and all the material provisions of the bid agreement ceased to have effect, the judge said.

UK NEWS — EMPLOYMENT

Sainsbury's gives young workers 40% pay rise

By Charles Leadbeater, Labour Editor

SAINSBURY'S, the supermarket group, has awarded its 16- and 17-year-old staff pay rises of up to 40 per cent in an effort to improve its recruitment and retention of young people, particularly potential managers.

The award is one of the most dramatic moves yet by a major retailer to boost recruitment of young people in the light of the decline in the number of school leavers over the next five years. It will increase pressure on other retailers to improve young people's pay.

The award to more than 8,000 young staff will add to pressure for higher pay settlements, which is being produced by concern over labour shortages and the recent rises in inflation and interest rates.

The increase for young staff was part of Sainsbury's annual pay award to its 72,000 workers. The company did not disclose the increase awarded to adult staff.

The pay of a 16-year-old in a store in London, Kent, Surrey or Sussex, all areas of low unemployment, could jump from £70.31 a week to £94.91. In other parts of the country pay could rise from £62.51 a week to £85.16.

In common with other retailers Sainsbury's has been seeking to compensate for the drop in the number of young people entering the labour market by recruiting among older people and the unemployed. The improvement in pay for young people is mainly an attempt to protect the company's supply of trainee managers. Most Sainsbury managers join the company as school leavers.

The award follows the launch last year of the company's Retail Trainee Scheme, which is on trial in the south east. The scheme, which offers young people e year's training on full pay, with 20 days off the job training, is intended as one of the main routes on to the *company's management training scheme.*

New technology warning

By Our Labour Editor

DIFFERENCES between European unions over how the introduction of new technology should be negotiated are inhibiting the European TUC's attempts to develop a coherent strategy for promoting employee involvement in decision making, according to a report by the European Foundation for the Improvement of Living and Working Conditions.

Employers and unions are becoming increasingly interested in EC proposals that the creation of the single European market in 1992 should be accompanied by regulations to ensure employees are involved in decision making.

The report found about two-thirds of West German and Danish employee representatives were prepared to take full responsibility for strategic decision making over new technology. This compared with only 20 per cent in the UK and a quarter in France and Italy.

About 13 per cent of British shop stewards said they would refuse any involvement in planning the introduction of new technology and a quarter would not help with the selection of technology. The report says this was mainly because union officials wanted to distance themselves from redundancies or rationalisation.

Almost two-thirds of British managers said they preferred to provide employees with information through consultative channels. Only 10 per cent said they were prepared to enter formal negotiations over new technology.

Participation in Technological Change in Europe, is available from Dr Hubert Kreiger, European Foundation for the Improvement of Living and Working Conditions, Loughlinstown House, Shankill, Co Dublin, Ireland.

Court may decide pension row at Vauxhall

By Eric Short, Pensions Correspondent

THE long-standing dispute at Vauxhall Motors, a UK subsidiary of General Motors, over ownership of the surplus arising from the pension scheme could soon come to a head.

A High Court hearing of the complaint by the Vauxhall Pensions Action Group could be heard shortly.

Meanwhile, the group this week secured an injunction *from Mr Justice Harman* not to take any of the surplus from the fund.

Company pension schemes have been showing very large surpluses on their funds, due mainly to good investment conditions and payment of higher than required contributions.

Dispute on the ownership of the surplns, pnt then at £241m, started more than a year ago when the company endeavoured to take back part of the surplus to repay debts — a move brought about by the new legal requirements that pension schemes have to reduce surpluses to specific low levels.

There were threats of industrial action averted when Vauxhall made changes to its pension arrangements.

The scheme's trust deed effectively prevented the trustees from repaying any cash or assets of the scheme back to the employer.

So Vauxhall introduced new pension arrangements. These introdnced better henefits, including partial indexation of pensions, with the proposal that 75 per cent of the being used for these improvements and to increase existing pension payments.

However, under the new trust deed, surplus could be repaid to the company, though the company in return guaranteed the financial solvency of the scheme.

The company says most employees and pensioners have agreed to switch into the new arrangements.

The action group claims such a transfer would be a misuse of the relevant clause in the trust deed and would be outside the powers of the trustees.

Sub-contracting 'can be a trap'

By Charles Leadbeater, Labour Editor

MOST companies which have increased their use of sub-contractors do not have a coherent strategy for creating more flexible production methods and working practices, according to one of the most detailed analyses yet into the growth of sub-contracting in the 1980s.

The report, by Dr Michael Cross of the City of London Business School, says the rapid increase in the use of sub-contractors has mainly been driven by a desire to cut costs.

It warns that while increased sub-contracting can help companies to tailor employment levels to peaks and troughs in prodnction, an unplanned approach can create new rigidities, with companies trapped in a set of unsatisfactory relations with sub-contractors. Companies could be building barriers to changes in their organisation by an over-reliance on sub-contractors.

The study examines the growth of sub-contracting between 1981 and 1988 at 238 manufacturing sites owned by 128 companies.

It concludes that most do not have systematic policies to judge the efficiency of sub-contractors. It says: "Many companies fail to manage the relationship with contractors in not having an adequate, if any, audit of performance. The periodic review of contractors for contract extensions is not a very effective process."

About 76 per cent of the sites had made greater use of sub-contractors since 1981. Of these, 42 per cent had expanded sub-contracting in response to a corporate policy to forcibly reduce the number of employees by a fixed proportion.

The level of sub-contracting in industry rose from 12 per cent of overall employment in 1981 to 20 per cent in 1987. The growth ranged between a rise from 18 per cent to 40 per cent in the chemical industry, to a minimal rise from 10 per cent to 11 per cent in plastics and rubber.

The number of full-time employees on the sites fell by 45 per cent from 431,240 in 1981, to 237,380 in 1988. The number of sub-contracted staff rose by 63 per cent from 37,499 to 59,345. The report estimates that after adjusting for productivity growth, contractors replaced about 34 per cent of in-house jobs.

The majority of contractor services were provided by 819 companies. Their revenue from the 238 sites was £1.23bn in 1988. About 150 of these companies were set up after October 1981. The remaining £309m worth of contracts were shared between 6,000 small contractors.

The report says there is little evidence that the trend towards sub-contracting will be reversed. But it says it is too early to say whether large contractors, offering e 'supermarket' of services will mainly benefit, or smaller specialist contractors.

A Study of Contracting - Out of Maintenance Services in UK Industry, by Dr Michael Cross, visiting fellow City University Business School, St Johns St, London EC1.

Railwaymen's leaders reject 6.7% pay offer

By Jimmy Burns, Labour Staff

UNION leaders representing 100,000 rail workers yesterday rejected a 6.7 per cent pay offer from British Rail as insufficient to stem what they claimed was increasing disgruntlement among staff over pay and conditions.

Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, the largest rail union, said: "BR has once again tried to sell railway workers short...we have to break out of this vicious circle of low pay and long hours."

Union officials say problems of recruitment and retention in the industry, combined with low basic pay, have forced rail staff into working high levels of overtime. The longer hours have contributed to low morale, which may have had a negative impact on safety and customer service, according to the officials.

The rail unions have indicated that they are looking for an increase of et least 7.5 per cent to reflect inflation and match recent settlements in other sectors of industry.

However senior BR management had warned earlier that they would try to limit this year's pay offer because of the money already distributed in recent months to some employees in the form of special regional allowances and performance-related bonuses.

They have also said they intend the current wage round, due to be settled by next month, to be the last to be covered by the traditional national machinery of negotiation.

BR's proposed break-up of national pay bargaining is being resisted by the unions.

The proposals would involve the setting up of five bargaining units covering operations staff, civil engineers, signals staff, mechanical and electrical engineers and services staff.

The rail industry's traditional bargaining procedures were criticised by the Monopolies and Mergers Commission last year.

Time for hotels to open the door to change

Jimmy Burns looks at moves to improve recruitment in the expanding tourism sector

TRADITIONALLY the pnblic perception of employment in the hotel industry has been that of long hours and low pay, with little attention to job satisfaction or training, and poor customer service as e result.

It is with the aim of reversing that image that the National Economic Development Council's Tourism and Leisure Industries Group, comprising employers, civil servants, and trade union officials, yesterday launched its ambitious campaign to modernise attitudes towards work within the industry.

"Tackling the Labonr Squeeze", the title of the campaign, points to the underlying demographic and economic factors motivating co-operation in the sector.

According to Mr David Parsons, NEDC manpower adviser, one of the most dynamic sectors of the economy is being threatened by severe recruitment and retention difficulties, and the problem is likely to get worse unless action is taken.

According to a NEDC report published yesterday, over the last fiva years tourism and leisure employment has increased by 23 per cent compared with 5 per cent in all industry. It is estimated that another 200,000 jobs will be created by 1992, and this needs to be set alongside the expected 20 per cent drop, over a similar time-scale, in the number of school leavers seeking jobs.

Mr Norman Fowler, Secretary *of State for Employment*, yesterday launched a campaign aimed et reducing recruitment and retention problems in the "growth" tourism and leisure industries.

The campaign will include *distrihntion* of *management* "actlon packs", and regional workshops organised hy the National Economic Development Council and the Hotel and Catering Training Board.

"The need for more staff, at e time wben demographic changes will he increasing competition for young and female employees, will exacerbate the industry's recruitment and retention problems," the reports says.

It adds "The ontcome for many employers, unless they act now to improve recruitment and retention, will be a reduction in business efficiency and in profits."

The NEDC has looked at case studies of 17 organisations in the sector who heve changed their personnel policies and working practices and consequently eased their recruitment and retention problems.

The case studies include that of the five-star Gleneagles Hotel and leisure complex in Perthshire, which has heen transformed slnce heing bought from British Transport Hotels in 1982.

The complex used to base its recruitment on experience rather than potential or aptitude. This compounded the recruitment difficulties which resulted from the hotel's isolated position, while hindering its development as a business.

Potential recruits had an image of the hotel as "very traditional and only interested in the highly qualified," and experienced recruits were found to be "reslstant to change and less flexible."

The hotel, in common with other companies mentioned in the report, has however been putting increasing emphasis on building up skills of new recruits through training, both 'in-house' and at local colleges.

Training is intended not only to improve employees in their present job, bnt to prepare them for job promotion. The result has been a reduction in annual turnover for permement staff from about 110 per cent in 1984 to 35 per cent.

While Gleneagles' recruitment policy appears to have been aimed at young people, the NEDC emphasises the need both to train and offer attractive conditions of employment to other potentially more available sources of labour, namely women and ethnic minorities.

While both groups are to be found in large numbers within the industry, many are employed on a casual, low-paid basis. The Commission for Racial Equality last month published the results of a year-long investigation into 20 leading hotel groups which found a small proportion of trainee managers and no senior managers drawn from ethnic minorities.

Yesterday Mr Derek Gladwin, an official of the hotel and catering section of the GMB general union, thought the NEDC campaign was a "step in the right direction".

But he issued a note of cautionn. He suggested that growth projections for the industry could be exaggerated and that as the economy as a whole "flattened out", hotel and catering staff could once again be relegated to the fourth division of employment practices.

● *'Recruitment Challenges: Tackling the labour squeeze in tourism and leisure'. National Economic Development Office, Millbank Tower, Millbank, London SW1P 4QX*

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telex: 8954871 Fax: 01-236 9764/5 Telephone: 01-248 8000
Saturday March 18 1989

Balancing on a knife-edge

LAST TUESDAY Mr Nigel Lawson had the bagful of toys required to play Father Christmas, but was forced to play Scrooge instead. Remitting taxes is fun and so is increasing public expenditure; but (apart from pleasing the Prime Minister) repaying the national debt serves little political purpose.

Most observers assume that generosity has been deferred. The ability to cut taxes substantially in future years is certainly suggested by reading between the lines of the Treasury's revenue forecasts in the Financial Statement and Budget Report. Those forecasts appear extremely cautious. Even allowing for the indicated tax remissions, receipts are forecast to rise about 1 percentage point a year more slowly than nominal GDP between 1988-89 and 1992-93.

A Government that takes a strictly medium-term attitude to fiscal policy might cut taxes regardless. But that did not happen this year, despite a PSDR of £14bn, and it may not happen next year. The key question is what condition the economy will be in at that time.

The Chancellor has disowned forecasting. The Treasury's past mistakes make his reaction understandable, but its latest forecasts must be worrying. They suggest that when next a Chancellor rises to present his budget the economic scene could be dismal.

For the first half of 1990 the Treasury now forecasts growth of demand and GDP at an annual rate of only 1¼ per cent. Despite the hope that exports will be growing at 7 per cent in constant prices (more than double the rate of growth of imports), the current account deficit is expected to be running at an annual rate of £12bn, as against £14½bn in 1989.

GDP deflator

The retail price index in the second quarter of 1990 is forecast to be 4½ per cent above its level at the end of the second quarter of this year. But this sharp reduction from the peak of 8 per cent this year will reflect movements in the rate of interest. By contrast, the GDP deflator, a better indicator of underlying inflation, is projected to rise by 5½ per cent during 1989-90.

Trend growth of labour productivity in the non-oil economy has been running at 2¼ per cent a year in the 1980s. If this were to continue, employment would be falling in the first half of 1990, reversing the decline in unemployment confirmed once again this week.

Unfortunately, a more optimistic view on employment *would be worse for productivity* and costs. Suppose that growth of labour productivity in the non-oil economy were to fall to 1½ per cent and that in manufactures to 3 per cent (both consistent with substantial improvement in the trend of productivity growth by comparison with the 1970s). Suppose also that pay settlements continue at 7 per cent and the rise of earnings at 9-10 per cent. Unit labour costs in the non-oil economy as a whole would be rising by as much as 7¼-8¼ per cent and in manufacturing by 6-7 per cent.

Exchange rate

Underlying inflation in the economy could then be running at 5¾ per cent only if profits were tightly squeezed (assnming no windfall improvement in the prices of industrial raw materials). Profits in the manufacturing sector would be particularly badly affected if the Government were to stick with its exchange rate policy. The resulting decline in international competitiveness would mean that even the modest improvement in the current account forecast *for the first half of 1990 might* not occur. It is easy to envisage a current account deficit not far short of £20bn both this year and the next.

In short, if the Government is right in its forecasts, early 1990 will see slow growth, rising unemployment and declining profitability but declining inflation and a still large, but improving, current account deficit. Significant fiscal remissions and interest rate reductions might then be possible, if risky.

If productivity growth were to slow significantly, however, and wages were not effectively restrained, the squeeze on profits would be sharper still. The underlying rate of inflation could be at least 6 per cent and the current account deficit significantly worse than the Treasury now envisages. The policy choices would then become *really painful:* either to battle against inflation with continued high interest rates and a tight budget, or accept it by allowing the currency to fall.

The immediate response to what the Chancellor had to say was a warm welcome in both the stock market and the foreign exchange market. But the economy is on a knife-edge. It may be possible for it to retain its balance, but almost everything has to go right for that. It should not have escaped anyone's notice that in the past twelve months virtually all the surprises have been unwelcome. The Chancellor has done what he can for the moment. What remains is for him to cross his fingers.

Quentin Peel examines Mr Gorbachev's proposals for Soviet agriculture

The harvest isn't home yet

When Mikhail Gorbachev presented his vision to the Communist Party plenum this week of a socialist agriculture revived by tenant farmers, Natalya Sergeyevna was sitting at her oilcloth-covered kitchen table roundly cursing her lot.

"Who the hell *does he think* is going to take a lease here?" she said. "We are all pensioners. The young people left years ago. Who is going to do the work?"

Natalya Sergeyevna lives in a miserable little settlement called Popova, a good three hours' drive north of Moscow in the heart of what they call the non-black earth zone of the Soviet Union. Twenty years ago there were 29 homes in the village, which boasted a school and a shop. Today only seven are still permanently occupied, all by old age pensioners.

The school and shop are closed, and the nearest civilisation is three miles away, at the other end of a pot-holed sea of mud called a rural road, virtually impassable to anything but a tractor.

The conditions in Popova, on the fringes of a giant collective farm called Iskra (the Spark), the name of the revolutionary newspaper edited by Vladimir Lenin, are typical of the sorry state of Soviet agriculture, above all in the Russian heartland of the country. There is no running water, erratic electricity supplies where they exist at all, no telephones, no *public transport, nor remotely* adequate health facilities. In spite of being in the heart of the countryside, the supply of food in the shops is peltry.

"You know what perestroika means to us?" Natalya Sergeyevna demanded. "Sngar is rationed. There is no meat. No butter. No fish. There's nothing." Yet she still manages to serve slices of a plain cake to her guests, and sugary sweets, with tea and milk. It does not affect rural hospitality.

Her husband Yegor Mikhailovich sits in the corner, too deaf to hear the conversation. He is a war veteran, a labour veteran, once given the title of "achiever of Communist labour." "He applied for a house in Pankova (the main village of the collective.) You know what they told him? Get stuffed . . . And he fought in three wars."

Natalya Sergeyevna's story, and her bitterness, bordering on tears, are just a tiny picture of the depression in the Soviet countryside.

Mr Gorbachev and his fellow Communist Party leaders know perfectly well how disastrous the rural situation has become. They also know that the lack of decent food supplies is the single most sensitive political issue right across the country. Mr Yegor Ligachev, now the agriculture supremo, denied that there had been any food riots, or even demonstrations. But he admitted: "The agriculture problem, the food problem, goes to the heart of every Soviet citizen. It is not easing. It is being aggravated in several areas, and this affects the *social situation.*"

As for the Soviet leader, he delivered a devastating indictment of the situation in his address to the central committee plenum. He spelt out a record of more than 60 years of Soviet agricultural policy which ranged from outright *persecution, through blatant* discrimination, to plain neglect of the country's peasant population.

He admitted that millions of peasants had been evicted in Stalin's mass collectivisation programme, many of them condemned to die in labour camps. Yet even when that process ended, "the disdainful attitude to the conditions of life of rural workers not only did not weaken, but became even more sophisticated."

He said that wages for collective farmers were a mere "token"; they had no (internal) passports, so they could not leave their villages without permission. Attempts to tackle rural deprivation foundered on the underlying discrimination in favour of the cities. Prices for industrial goods rose far faster than farm prices, a campaign was launched to wipe out private plots, and a policy was begun to close down "unpromising villages."

It was a speech very close to his heart, for Mikhail Gorbachev spent his entire career in agriculture before he reached the Soviet leadership. He was born on a collective farm in the Caucasus, returned to the area *from Moscow University to* become a Communist Party organiser, and by the age of 31 became party organiser for agriculture in the whole Stavropol region. That was where he made his name.

He cited one attempt after another by the ruling party to *reverse the trend, either by* introducing new forms of administration, new programmes to open up virgin lands, or new plans to invest in a massive expansion of machinery and modern farming techniques.

The lack of decent food supplies is the single most sensitive political issue right across the country

And all the time the rural emigration continued at a hectic pace. "I do not wish to arouse passions," Mr Gorbachev declared, "but it ought to be said, nevertheless, that the situation is so grave that in many regions the people are deserting the land, moving out of the villages. Migration of the rural population has reached a critical level."

This week's meeting of the Communist Party central committee was nothing less than an attempt to reverse that process of rural decay and destruction, and redefine the essence of socialist agricultural policy.

Mr Gorbachev's stated ambition is to make the peasant farmer once more, or possibly for the first time, "master of his land." The word he uses in Russian – *khozyain* – is a thoroughly unsocialist, pre-revolutionary word for "boss."

Its main plank is a system of leasehold tenure, whether for small groups of workers, or for family farmers. But what the Soviet leadership is proposing is also choice, and decentralisation. No one system will be perfect for all areas, Mr Gorbachev said. Indeed, the range of leasehold allowed will also be open-ended: *from five years to* 50, or more.

As such, the debate goes to the heart of the whole debate on perestroika, for it concerns the concept of property in a socialist society. "The restructuring of economic relations in the countryside demands the *revision, in theory and in practice,* of existing views on socialist ownership," Mr Gorbachev told the plenum.

At the heart of his vision is a desire to revive the enterprise and independence of the Soviet peasantry, based on a concept of leasehold farming within a socialist framework.

He faces fundamental problems on at least three levels.

First, there is still huge resistance in the Communist Party to any redefinition of ideology which calls into question such a key institution as the collective farm. Whatever Mr Gorbachev may say about preserving the collective and state farm system, the development of widespread tenant farming must undermine the existing structure of rural bureaucracy.

But second, in attempting to reconcile reform with ideology, he is leaving much of the old structure in place, and with a controlling say in the development of the new. Any prospective tenant farmer has to negotiate with the collective farm management, which is usually Communist Party leadership, on the terms of his new contract.

Third, and perhaps most intractable of all, he has to revive the desire and belief of the Soviet peasant in working for himself. He moved from Tsarist serfdom to enforced collectivisation with barely time to learn the difference. Since then, the interminable shifts in policy and neglect have left the farmworkers sullen and unresponsive to all incentives.

Mr Alexei Dumov, chairman of the Iskra collective farm, says the single most important change he could wish for is "labour discipline." His farm workers have no desire to work, and "I have no rights to make them." It is not quite what Mr Gorbachev is talking about, but it shows the problem he is up against.

What Mr Gorbachev proposed to the Central Committee this week was certainly a compromise, although perhaps less so than some of the most enthusiastic reformers had feared.

To begin with, he flatly rejected the thesis that the ills of Soviet agriculture could be solved by simply pouring more money into the sector – even if that included more money into rural services. That is a thesis which Mr Ligachev has seemed rather inclined to support.

He quoted damning figures from the Ukraine and the Baltic republics – some of the most efficient areas – to show that massive investment had produced paltry results. Thus in the Ukraine, the "basic production assets" of farms had increased by 320 per cent over 20 years, while fertiliser supplies had trebled, and farmers' pay went up 170 per cent. But agricultural output increased just 38 per cent.

Mr Gorbachev's stated ambition is to make the peasant farmer 'master of his land'

His conclusion was that only a radical change in economic relations would work. That is where a whole raft of new property relations come in: not just leasehold, but personal farms, family plots, agricultural ventures of industrial plants, agricultural firms and integrated plants, and even "joint-stock ventures," by which he appeared to mean leaseholders taking out shares in their own collective farm investments, and earning an income on such loans.

The first compromise is that the basic structure of collective and state farms will stay. He rejected calls for their complete liquidation as being without scientific or practical foundation. He equally rejected those collective farm managers who "while expressing positive views about leasing, believe that their farms can make do without it."

By forcing a prospective leaseholder to negotiate with the collective farm management, the plan leaves the future tenant farmer at the mercy of a bureaucracy which regards the reform with great suspicion. A new law is promised to protect leaseholders, but its text is yet to be published.

The second compromise is that the whole reform will be voluntary, a point which Mr Ligachev stressed repeatedly in reporting the plenum's results. That again leaves the rural bureaucracy in control of the speed of reform.

Some changes, none the less, are important. Mr Gorbachev is trying to decentralise, to give maximum decision-making power to the farm itself. That seems to be a lesson he learned as a regional party boss in Stavropol, in the Caucasus: that he had a better idea of what was needed on the ground than Moscow.

Another innovation is a move towards liberalised prices. It will apply first to fruit and vegetables, including the staple potato. If local authorities want to hold down their prices, they will have to pay the cost of subsidy themselves. In the long run, Mr Gorbachev seems to be promising at least partially-liberalised prices for all food products.

He referred to a final goal of allowing tenant farmers "complete freedom to choose ways of marketing their products," a big departure from the present system where they will still have to market virtually everything through the collective farm.

What Mr Gorbachev has done, as he already did with other reforms like the introduction of co-operatives, is to move just far enough so that individual initiative can work – but not so far as to offend the basic tenets of Communist party ideology.

"He opens the window a small way, and then relies on others to push it open further. It is a political balancing act to introduce reform without offending the party faithful," as one observer put it.

The question now is whether he will get the response from the countryside he is looking for, or whether the young and energetic have left the land so long ago that there is no one there to take up the challenge. He has no time to wait for results. He needs food in the shops now.

MAN IN THE NEWS

Lord Alexander

After the lemons, a zest for life at the bank

By Barry Riley

Improbably, Lord Alexander's last case in a glittering career of advocacy will be in defence of the right to make plastic lemons. Early in December he will conduct a House of Lords appeal to challenge Jif's right to exclusive use of yellow, citrus-shaped containers for lemon juice.

Then, at the beginning of January, the courteous, 6ft 6in QC will take over from Lord Boardman as chairman of National Westminster Bank. He admits he knows nothing about banking, although he has had an account with NatWest for more than 20 years. However, he will bring valuable legal skills to a bank which has been grappling for 18 months with the embarrassment of the Blue Arrow affair, and could yet face unpleasant consequences when the Department of Trade and Industry's Inspectors' report on the episode is completed.

Now 52, Robert Alexander has for several years been easing himself away from his practice as a barrister. He has become a familiar public figure through his role in many prominent and controversial cases. He represented the Government both in the action against trade unions at the Government's communications headquarters, GCHQ, and in the Spycatcher case. Novelist Jeffrey Archer retained him in the sensational 1987 libel action against the Star newspaper. He also defended Ian Posgate in a successful action against suspension from Lloyd's, and argued for leniency on behalf of Geoffrey Collier, the confessed insider dealer.

Alexander's career change began in 1985, when he took time out for a term as chairman of the Bar Council. Then in 1987 he moved formally into the City – where he had already gained considerable legal experience, at Lloyd's and elsewhere – as chairman of the Takeover Panel. At the time Panel was being criticised for some of its decisions, and was facing changes in its constitutional position in the wake of the Financial Services Act. But Alexander smoothly took command – in a job which absorbed roughly a third of his time – and has reinforced the Panel's prestige, adding an aggressive touch to the way, for instance, it handled the Guinness affair.

Naturally his role as a regulator brought him into close and regular contact with the Bank of England and it was not surprising that his name began to be mentioned in connection with other City jobs – the chairmanship of the Securities and Investments Board, for instance, although that went to David Walker of the Bank of England.

No doubt an appointment to the Bench could have been his if he had wished. But advocacy has been lucrative, once he got past the barren early years when he resorted to moonlighting by editing the Times Law Reports. Although he attacked a Guardian estimate of £1m a year earnings as "exaggerating absurdly" he has not denied a figure of up to £500,000. He will no doubt be suitably compensated by National Westminster for sacrificing his courtroom career, but his remuneration has not so far been disclosed. "I am fully content with what I shall receive from the bank in salary, and the stimulus which the job will give me," he said.

Lack of experience was a disadvantage, but NatWest has a history of drawing its chairman from the law and politics

The chairmanship became vacant because the man originally in line to succeed Lord Boardman, Sir Peter Walters of BP, a deputy chairman of NatWest, upset the rest of the directors last year when he insisted on a streamlining of the Board as a condition of taking up the post. With Boardman reaching 70, and NatWest needing firm leadership through the Blue Arrow embarrassments, the search became urgent.

Lord Alexander's name inevitably came up. Perhaps this was a big enough City job to persuade him to make the break with the Law. His lack of commercial experience must have been a disadvantage, but NatWest has a history of drawing its chairman from the law and politics. A previous barrister chairman of the bank was Robin Leigh-Pemberton, now, of course, Governor of the Bank of England.

The original approach was made, said Boardman, "some time ago." According to Lord Alexander yesterday, the decision was not one that caused him sleepless nights but "clearly it was something I had to think about very carefully, particularly as it will be a wrench leaving the Bar."

After 28 years as a practising barrister, he said, this was a new and very great challenge. "I take the view that life's opportunities tend to find you. I've enjoyed the Bar greatly. I've enjoyed the Takeover Panel greatly. I've always been very interested in the work of the City. Clearing banks have exciting challenges in the future. I would hope I would have a long period of service with the bank."

He added that in an ideal world he would have liked to stay at the Takeover Panel for at least another year. But he was pleased that he was to be succeeded there by David Calcutt QC.

Apparently Lord Alexander is not laying down any preconditions for accepting the chairmanship. He claims he has not even asked to see the Wilkinson Report, the internal NatWest study of the Blue Arrow scandal concerning the role of the County Bank subsidiary in allegedly covering up the failure of the 1987 rights issue. "I am not yet a member of the Board and I have not seen any confidential documents at the bank," he insisted.

He has nine months to ease his way into his new career. It will be a full-time job. However, he said yesterday that he wanted to go on playing his part in the work of the House of Lords, not least in the debate affecting the legal profession. Earlier in the week he outspokenly attacked Lord Mackay's green paper on the reform of the provision of legal services, describing them as "superficial" and "unsupported by research and unaided by consultation." What sort of bank chairman will the smooth, persuasive and, when necessary, forceful advocate make? The answer is very unlikely to be a lemon.

Peter Riddell describes Washington's increasingly desperate response to its wave of drug murders

Report from a 'city under siege'

Washington is not Dodge City, claims its mayor, Mr Marion Barry. The mayor is right, though not quite in the way he meant. The capital city of the US had as many murders in the first 20 days of this year as Dodge had in the whole six years of its 1870s heyday as the roughest town in the Wild West.

Such mawkish comparisons are now commonplace, since what is happening every night in Washington is so appalling as to defy conventional descriptions – prompting expedients like this week's imposition of a curfew banning youths under 18 from city streets from 11pm until 6am on weekdays and after midnight on Sunday.

Within the District of Columbia, the inner Washington of 630,000 people, roughly the size of Edinburgh, 112 people have been murdered so far this year. At present rates, this works out at nearly 80 murders per 100,000 residents – up well over a third on last year's average level. This is not only over three times the rate in New York City, but is also much larger than the level of killings in the Palestinian uprising.

Every evening on the local television news there are the same shots of bloodstained bodies lying in the street or being taken out of houses. There is even a sensational 30 minute show at 11pm each weeknight entitled "City under Siege." The trauma or emergency departments of some local hospitals have had to close for a time because of the number of patients with gun wounds.

There is growing concern about the impact on the city's $2bn tourism and convention business, leading to questions by tour operators, though not yet cancellations. There are now, for instance, requests for suburban rather than downtown hotels, while the American Bar Association, which is bringing 11,000 members to Washington this year, was yesterday reported as seeking meetings with city and tourism officials to ask what is being done.

But in e sense Mayor Barry is right. Washington is not Dodge City. For most residents and the many visitors who will now be arriving with the start of spring, the city is as delightful and relatively safe as ever.

It is all a question of location. People may be murdered regularly, at least once every week or 10 days, within an easy 10 to 15 minute walk of where I am writing this article. But such a walk goes a long way economically, socially and, above all, racially in Washington.

For the war on the streets is largely confined to a few predominantly black areas of the north-east and south-east of the city. Blacks account for nearly 70 per cent of the residents of the District of Columbia but last year they were 90 per cent of the murder victims, and a roughly similar proportion of the known murderers.

Moreover, around 80 per cent of last year's murders were officially reckoned to be drug related. A map of the city's 80 or so semi-public drug markets correlates almost exactly with the concentration of murders. More than three-quarters of these were what the police call assassinations – that is, the murderer knew his victim – as opposed to random killings. The sharp increase in the number of murders reflects an intensified war between rival drug gangs for turf. Young blacks are the double victims, both as addicts of crack, a cheap version of cocaine, and as the murdered foot soldiers of the gang war.

By contrast, the white middle-classes living in the predominantly white north-west section of the city, including Georgetown, watch horrified, but largely unaffected.

Diplomats with experience of South Africa compare Washington to Pretoria. Certainly, walking around Georgetown on a Saturday there are few black faces, except serving in shops. Long-term residents reckon the city is more racially divided than 15 to 20 years ago, even allowing for mixed neighbourhoods on the edge of the business area.

But the South African comparison should not be overdone. The radical divisions are primarily residential rather than occupational. Downtown, during the working day, there are large numbers of successful black professional middle class people – in positions of authority not often seen in Britain. And there are plenty of prosperous black businessmen. But they increasingly liva outside the District of Columbia in suburban Maryland or Virginia.

At present there is above all a sense of frustration, even resignation. The local police force is active. There are regular sweeps of the local drug markets and large numbers of arrests, much higher than in other violent inner cities. But this does not seem to make much difference. The city's prisons are dangerously overcrowded with convicts being released early.

On top of all this is the increasingly discredited figure of Mayor Barry, the city's chief executive for the past 12 years. Currently being investigated by a Federal Grand Jury, the mayor has been accused of corruption and involvement with drugs himself. Several of his aides and close associates have either resigned or have been charged. So, constantly pressed hy reporters to answer the charges, he is hardly in a position to provide a clear lead.

Moreover, as with so much else in Washington, the future of Mayor Barry has become a racial issue. The most prominent black in the city himself, Mayor Barry argues that some of the attacks reflect an attempt by whites to take back control of the city, which has enjoyed a limited form of home rule since 1973.

Thare are obvious racial undertones in the comment on Thursday by Senator Warren Rudman of New Hampshire that, "we can't have people killed and blood running in the streets like some Third World capital run by a despot." Yet much of the recent criticism has come from local black community leaders. The mayor shows no sign of giving up; his term runs until the end of next year.

Meanwhile, there are increasingly desperate searches for solutions. The curfew was agreed hy the city council in face of the mayor's scepticism. As drafted, children under 18 cannot even be ont with their parents. Mr Maurice Turner, the city's police chief, has been opposed to having his hard-pressed force being used as babysitters to round up and hold violators overnight. The curfew may also be challenged on constitutional grounds.

Otherwise, police manpower has been redeployed and mandatory five-year prison sentences have been introduced for criminals using guns.

Washington already has among the tightest gun control laws in the US, but criminals can easily buy guns elsewhere. While President Bush was this week forced by growing public pressure, and his wife, to impose a temporary ban on the import of AK47s and other semi automatic guns into the US, there are no restrictions on domestic production or sale. And Mr Bush, a life member of the pro-gun National Rifle Association, has no desire to go further in that direction.

Returning to the Dodge City comparison, there is now a search for a Wyatt Earp or John Wayne figure to clean up the problem. Mr William Bennett, the new Federal drug czar, has said Washington is a test case for his national war against drugs, while Mayor Barry has said he too will appoint a drug czar. Neither has so far offered any policies to convince local residents that the soaring murder rate can be checked, let alone reversed.

David Thomas, Education Correspondent, explains the Government's plans for the teaching of English

No place for the grammar book

They may not know it, but a lot is hanging on the little boys and girls who will roll up to the 20,000 primary schools in England and Wales for their first day of schooling in September.

This was made clear by the publication yesterday of the first tranche of proposals for the teaching of English under the new national curriculum, the centrepiece of the Government's educational reforms. From this September, five-year olds will be taught according to the dictates of the 14 pages of draft statutory orders issued by Mr Kenneth Baker, Education Secretary.

With the publication of these orders, the national curriculum is increasingly set in concrete. Yet some of the Government's natural supporters are arguing that the bulk of the proposals emerging under the curriculum shows the whole process has lost its way.

Groups like the Centre for Policy Studies, the free market think tank, were appalled by earlier proposals which would have left uncorrected ungrammatical expressions like "she come here yesterday" – a position implicitly endorsed by Mr Baker yesterday.

More fundamentally, they believe the national curriculum has already been captured by the educational establishment. They see the basic mistake as trying to make the curriculum comprehensive: one that applies to pupils of all levels of ability and covers everything they need to study. They argue that poor teachers will be able to disguise their incompetence among the pages and pages of targets, programmes of study and examples now being churned out for the curriculum subjects.

Instead, these critics would have preferred simple minimum targets, such as some specific passages of English which all seven-year olds should be able to read. These would have been directed at what they see as the main problem with English education: raising the standards of below average pupils.

Mr Baker has reached his very different conclusions about how English should be taught in a three-stage process:

● Stage 1. Initial proposals were published in November by a working group on English for 5-11 year olds. Although it was chaired by Mr Brian Cox, professor of English at Manchester University and a former doyen of the educational right, the working group's report ran into a storm of criticism from traditionalists.

Not only did it refuse to sanction a return to traditional grammar lessons, it also caused a furore by its description of Standard English, grammatically correct English used in public discourse – as one dialect among many. The Cox report argued that Standard English was a dialect (which means a grammar and vocabulary, not an accent) which simply happens to be in widespread use: there are plenty of equally valid dialects of English.

Non-standard forms such as "we was, he ain't done it and they never saw nobody" are "rarely more than a social irritant to some people," according to the Cox report, a comment which led the Evening Standard to dub Mr Cox "the professor what don't know nothing."

● Stage 2. Earlier this month, the National Curriculum Council, the new body charged with overseeing the introduction of the curriculum, published revised proposals after noting comments from Mr Baker and from more than 2,000 organisations and individuals who responded to the Cox report.

The curriculum council bowed to Mr Baker's pressure for primary school children to be taught more about grammar by issuing a long list of linguistic and grammatical terms (including syllable, apostrophe, tense, layout, ambiguity and prefix) which 7-11 year olds should be able to use when discussing their writing.

Howaver, the council endorsed tha Cox report's argument that grammar should be taught in context, rather than in setpiece lessons on grammar, as well as Cox's views on Standard English.

● Stage 3. Mr Baker's final plans issue yesterday sharpened up considerably the curriculum council's work.

The Government has injected rigour by highlighting references to grammar in the programmes of study for 5-7 year olds. Thus, even with the youngest children, teachers "should teach terms like punctuation, letter, capital letter, full stop, question mark," while brighter seven-year olds "should be taught grammatical terms like sentence, verb, tense, noun, pronoun."

Mr Baker's officials have also extensively re-drafted the curriculum council's proposals, making them more precise. Thus, the council's proposal that bright 7-year olds should be able to "shape narratives beginning to use a range of sentence connectives" has been replaced hy the requirement for them to shape "chronological writing beginning to use a wider range of sentence connectives than 'and' and 'then,' such as 'but,' 'when,' 'after'."

Yet, important though these changes are, Mr Baker has accepted the key assumptions of the Cox report as modified by the curriculum council. In particular, he demurs neither from the view that grammar should be taught in context nor from the Cox position on Standard English.

The consensus on Standard English shared hy the Education Department and curriculum council – though not necessarily by parents and employers – is this: all pupils should be able to write correct Standard English by the time they are 11 and should be able to speak it when appropriate by age 16. The Cox report specifically ruled out trying to require all children to speak Standard English in the classroom if it is not their native dialect.

The Cox working party is planning to submit proposals on 11-16 year olds later this year and is also looking again at the proposals for 7-11 year olds. The English curriculum for these older age groups is to be phased in from antumn 1990.

The controversy about grammar and Standard English is likely to revive only when the proposals for these older pupils are clearer, because Standard English is not mentioned at all and grammar only in passing in yesterday's plans for 5-7 year olds.

Meanwhile, Mr Baker's critics on the right are not the only people worrying about the national curriculum. The teaching unions believe the Government, trying to introduce the curriculum on the cheap, has not appreciated its huge re-training and staffing implications, with the associated battery of tests at ages 7,11, 14 and 16. There are already serious worries about teacher shortages in secondary schools, particularly in specialist subjects like maths and science, and there are signs these could spread into the primary sector.

The unions argue that the chickens will come home to roost early in the 1990s when teacher shortages begin to bite. By then, this year's five-year-olds will be hardened curriculum veterans – and Mr Baker may have moved on.

THE AVERAGE 7-YEAR-OLD SHOULD BE ABLE TO:

- ✓ Describe an event briefly to the teacher or another pupil
- ✓ Demonstrate knowledge of the alphabet in using word books, dictionaries and reference books
- ✓ Produce independently short pieces of writing using complete sentences
- ✓ Spell correctly monosyllabic words in regular use in their own writing which observe common patterns
- ✓ Produce legible upper and lower case letters in one style such as printed and use them correctly

LETTERS

Make tax more flexible

From Michael Artis

Sir, The Chancellor's Budget shows that fiscal policy is being used as an instrument of demand management in the interests of curbing inflation; otherwise, the Chancellor could have continued with his strategy of cutting income tax, accepting the consequences for interest rates. That he did not do so suggests either that there is another target of policy besides that of reducing inflation or that there are limits to the use of interest rates.

In either circumstance, what is the point of restraining the use of fiscal policy to once-a-year Budget adjustments? It is not difficult to imagine disturbances (no bigger than the 1p minimum income tax cut that the Chancellor has foregone in this Budget) in which sole reliance on the interest rate will produce unacceptable consequences either for interest rates themselves or for the exchange rate or for both.

Mr Lawson could add to his reforming reputation hy providing for a more flexible response of fiscal policy, reintroducing the regulator (power to vary indirect taxes between Budgets) and providing for temporary income tax surcharges and rebates. These need not interfere with the strategy of reducing taxation.

M.J. Artis
Professor of Economics
University of Manchester

Good news only for some

From Mr Hyman Wolanski.

Sir, Mr Mark St Giles (Letters, March 13) writes that the recently announced news of the tying of the Halifax Building Society to Standard Life "is the best news independent financial intermediaries have had for months."

This may be good news for intermediaries, although this is arguable, but it is certainly bad news as far as individual investors are concerned.

As a consequence of the trying of agents to particular life insurance companies, insurance commissions will inevitably rise.

We have already seen clear indications that the increases will be at least 30 per cent above existing commission levels and significantly higher than this in some cases.

This will apply whether the policy is bought from an independent intermediary or a tied agent. (Incidentally, how many people actually appreciate the difference between an independent intermediary and a tied agent?)

Since the commission is paid out of the premiums, there will be reduced amounts available for investment and the resulting returns to the buyers of life insurance policies will fall accordingly.

Is this really what the Financial Services Act was meant to achieve?

Hyman Wolanski,
Wolanski & Co,
4 Bloomsbury Place, WC1

Turning the Budget green

From Mr Philip Greig

Sir, I suggest we have got our values wrong. Instead of the annual excitement about a lot of mainly hypothetical figures in the Budget, we should have an annual statement on the following increases:

● Soil erosion.
● Toxic fumes in the atmosphere.
● Number of trees dying from acid rain.
● Number of illicit dumps of toxic waste in the ground.
● Pollution and over abstraction of our rivers and ground water.
● Nitrates and other harmful substances in our drinking water.
● Pesticides and other harmful substances in our food.

Philip Greig
Bridge Farm
Hannington Wick
Swindon
Wiltshire

Genius loci and opus Dei

From The Reverend David Burton Evans

Sir, Mr Simon Pilcher (Letters, 10 March) is no doubt entitled to be proud of the many hundreds who flock with him to St Helen's to enjoy erudite Biblical expositions; they have their reward.

But he should compare this with the many hundreds of hopeless and helpless, homeless and hungry served daily at St Botolph's, Aldgate. It is a Christian's duty to heal the sick and care for the afflicted as well as to preach the Gospel. St Botolph's does both.

Each City church has its peculiar ministry. Here at St Michael's Cornhill, we have for centuries offered a diet of good preaching, fine worship and the best liturgical music superbly sung.

David Burton Evans,
The Parish Church of St Michael, Cornhill, EC3

The Channel Tunnel rail link and the contentious issue of fairness

From Mr J.V. Stevenson.

Sir, Mr Caff's concern for the lack of a rail link to Devon and Cornwall (Letters, March 11) raises the question at the heart of the whole issue: why must through trains go through London? If London-bound passengers from the Continent are to descend at Waterloo, who will be getting off at King's Cross? And where are the through passengers heading? Presumably for Manchester, Birmingham, Bristol, Cardiff, Glasgow and Exeter which, being well west of London, make nonsense of bringing them through the capital first.

The main purpose surely is to speed them to their destinations without the inevitable delay of crossing London – even more so if a TGV is used, since to slow it down for the long haul across must frustrate its entire design. Has anyone at BR noticed that the TGV through-connections of Lille-Lyons and Rouen-Lyons pass to the north and south respectively of Paris. The French confine fast use of the TGV to straight stretches of country.

BR's confusion may be measured by its desire to cross the ravishingly beautiful country of Kent at high speed and half underground. It was measures such as these that put the railway through Brussels and ruined the centre of the City. BR, it seems, has at last caught up with the technological solutions of pre-First War Belgium.

Many will recall BR's senseless removal of the night ferry which, without need of a Channel Tunnel, provided through-trains every night between London, Paris, Brussels, Switzerland and Milan. But of course that was via the train-ships that are now regularly used only on such unimportant stretches of waterway as the Baltic and to link the capital cities only of such backward countries as Sweden, Denmark and West Germany.

J.V. Stevenson,
15 Fielding Street, SE17.

From Mr P.E. Beales.

Sir, Although British Rail has now announced its plans for a Channel Tunnel link there are still important issues to be addressed, as your editorial ("A railway muddle", March 10) recognises.

First, in relation to compensation and environmental protection, BR has acknowledged its responsibility to the communities through which the line will run but it is essential that BR recognise the logical conclusion of this position, namely that people whose interests are damaged should be fully compensated. What is on offer – which only extends to 100 metres on either side of a track carrying 140 mph trains – is simply not adequate.

Second, the Government should recognise its role in ensuring a fair result. There is a classic "externalities" problem here: the nation as a whole, after all, will benefit from the construction of the line so costs and benefits do not arise just for the parties immediately involved. It is certainly not acceptable for the Government to say that the Channel Tunnel Act prevents it from providing assistance: at the time the act was adopted by Parliament BR was emphasising that there would be no need to build a new railway link.

Finally, and for the future, the constitutional issue of whether Private Bill procedure is appropriate for projects of such importance as the Channel Tunnel link has to be examined. The fact is that Parliament has never been asked to consider the project as a whole. Instead, there will have been three separate bills dealing not only with the link but also with the Tunnel itself and the King's Cross terminal. It is hard to see how a soundly based view on the project as a whole can emerge from such a procedure.

P.E. Beales,
111 Turney Road, SE21

Mountleigh stake sold to Clegg

By Paul Cheeseright, Property Correspondent

MR TONY CLEGG, who transformed Mountleigh from an obscure textile producer to a property trader, at one stage a stock market favourite, has re-asserted his control of the company with the purchase of 14.1 per cent of the ordinary shares.

He has spent £58.63m on buying 30.3m ordinary shares at a price of 180p a share and 4.11m convertible preference shares - 5.2 per cent of the issue - at 103.68p a share.

The seller was Sasea, the Geneva-based holding company controlled by Mr Florio Fiorini, which had built up its stake in Mountleigh last autumn and is now departing with a £6m loss on the disposal of the ordinaries.

Sasea's sale removes a potential threat from Mountleigh. Sasea last October and November had appeared as a possible bidder for Mountleigh. It started talks, which never came to any conclusion, with a view to buying Mountleigh International, whose main asset is Galerias Preciados, the Spanish department store chain.

Mr Clegg's re-emergence at Mountleigh as a major equity holder helps to remove some of the uncertainty which has shrouded the group since the stock market crash of 1987 savaged its share price. This uncertainty was compounded last autumn when there were not only significant changes in the equity holdings, but a boardroom row, a failed merger and a series of property disposals to reduce gearing.

The stock market yesterday seemed glad of the clarification. The Mountleigh price rose to 170p at one stage before settling back to 163p for a gain of 6p on a day when the whole market was sagging.

Mr Clegg is therefore paying a premium on the market price for his new stake. But 180p is the price at which he sold out in the first place last October. Sasea by contrast is taking a loss of 20p on each ordinary share it is selling.

The block of shares changing hands has been mobile. Sasea acquired it in two parts.

The first part, just over 5 per cent of the Mountleigh equity, came originally from the Clegg family interests. It was sold to a consortium of individuals, including Mr Clegg himself. The consortium sold the stake to Sasea for 200p a share.

The second part, the balance of the block, Sasea acquired through Smith New Court, also at 200p a share.

Mr Clegg now has a larger equity stake in Mountleigh than he had before the upheavals of last autumn and appears to be in a position of greater power.

In 1988, following two serious operations, he briefly handed over the post of chief executive to Mr John Duggan, while remaining as chairman. Differences of opinion, not least over the share sale by the consortium to Sasea, led to the resignation of Mr Duggan and Mr Clegg resumed his dual role.

But Mr Duggan's attempt to stage a rapid switch in Mountleigh's profile from an earnings-driven property trader to a development and investment company is being continued by Mr Clegg.

Hopkinsons turns down bid from consortium

By Clare Pearson

Hopkinsons Holdings, the Huddersfield valve maker, yesterday said it had turned down a consortium bid, worth between £8m and £12m, to acquire its core manufacturing unit in Huddersfield, saying it had received a number of better offers.

The consortium, which includes former and some of the current management of the company, along with some employee participation, immediately called for Hopkinsons to clarify what terms were under discussion, so that it could be given a chance to match them.

Mr Andrew Castle, a solicitor acting for the consortium, said: "We are extremely sceptical about the existence of the other offers." He said yesterday's announcement had come as a considerable surprise as negotiations to buy the unit, Hopkinsons Ltd, were still in train the previous day.

But Mr Andrew Neilson, a director of Hopkinsons, said the consortium had already been given plenty of time to improve its terms and he could only conclude it was unable to do so. He said: "A significant number of considerably higher offers from substantial organisations are on the table."

The buyout offer was announced last month. This was after Hopkinsons, which has recently experienced a sharp fall in profits and several management upheavals, announced it intended to close the Huddersfield site, with the loss of 900 jobs.

Hopkinsons is now, however, seeking union support for a lift on the overtime ban which it says is costing it about £500,000 per month. A meeting with union representatives yesterday has been adjourned till next week.

It has been suggested that an offer from BTR, the industrial conglomerate, has already been rejected. BTR said it was unable to comment yesterday. NEI, the power engineering company with a 6.4 per cent stake in the holding company, said this week it would not be interested in acquiring Hopkinsons Ltd.

HIGHER PROFITS FROM TELEVISION CONTRACTORS

Rationalisation benefits and revenue growth boost LWT

By John Ridding

LWT (HOLDINGS), the weekend television contractor for the London area, bounced back from a difficult financial year to record interim pre-tax profits of £16.3m, a 23 per cent increase over the six months to January 24 1988.

Turnover grew by 17 per cent to £118m (£100.72m), largely reflecting a 14.7 per cent increase in advertising revenues. This growth was the largest among the big five independent television companies and expanded LWT's share of the network's total advertising revenues.

Earnings per share increased by 20.5 per cent to 11.1p (9.21p) and an interim dividend of 2.45p (2.04p) is declared.

Mr Christopher Bland, chairman, said the group was beginning to see the benefits of its rationalisation programme. He added that the full impact of these benefits would not be felt until the 1989-90 financial year.

On the subject of the broadcasting white paper, Mr Bland said that LWT had urged the Government to give flexibility to the Independent Television Commission in its awarding of franchises.

He added that LWT was seriously considering the other options available to it, particularly with respect to satellite broadcasting.

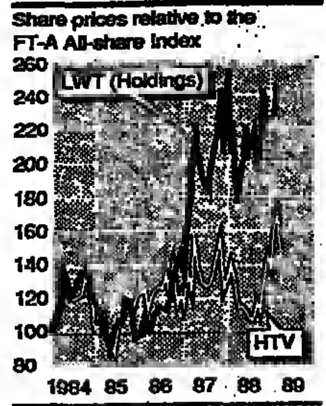
According to Mr Bland, LWT had "set its face against diversification outside television." It would continue to attach priority to programme production and to develop the marketing of its television facilities.

He also said the new exchequer levy was expected to have a significant impact on the group's costs. If applied to last year's figures the levy would have resulted in an increased charge of 49 per cent.

● COMMENT

LWT's results were slightly in excess of expectations, reflecting both the benefits arising from its painful rationalisation last year and the strong advertising performance. The former can be expected to bring continued benefits, with savings on labour costs for the year likely to be about £3.5m. Advertising revenues are less certain, given the level of interest rates, but analysts do not expect this to be a factor in the near future. Revenues from overseas sales are also expected to improve strongly in the second half following the sales of a number of major productions. However, as Mr Bland pointed out, the overall increase in turnover and profits is likely to be reduced over the period as a result of increased transmission costs and the rapid growth of revenues in the corresponding period last year. In the longer term, the outlook is clouded by the new exchequer levy although analysts believe that this has already been discounted. Overall, profits for the current year should be in the region of £36m, giving a prospective multiple of 10.5.

Share prices relative to the FT-A All-share Index



Westland changes stockbroker

By David Waller

WESTLAND has dismissed Rowe & Pitman, a stockbroking arm of S.G. Warburg & Co, as its stockbroker because of a possible future conflict of interest over GKN, the engineering group which took a 22 per cent stake in the helicopter group last October.

Warburg Securities is also advisor to GKN. Westland is anxious to avoid the conflicts which would inevitably arise if GKN used its holding as a launching pad for a hostile bid. Cazenove & Co has been appointed instead.

When GKN paid £48m to acquire the holding from Fiat and Hanson it made no secret of the fact that the Westland business would be a good fit with its existing defence interests.

However, GKN has said that this would be appropriate only in the medium to long term, a point of view stressed by its chairman, Mr David Lees, only last week at a press conference when the company reported its 1988 profits.

Both the companies, and Warburgs itself, were anxious to play down the significance of the move yesterday.

"There is nothing sinister in the timing of this," said Mr Christopher Bunker, finance director of Westland.

"It seemed appropriate to have a proper separation of the two companies' interests," he said. "It is a sorting out in the wake of the appointment of Sir Leslie Fletcher as chairman last month."

Chamberlain Phipps indecision

By Philip Coggan

THE BOARD of Chamberlain Phipps, the shoe components and adhesives company, said yesterday it was unable to recommend either of two rival offers.

The company's indecision reflects the difficulty of deciding between Evode's all-share offer and Bowater Industries' cash bid. Originally, Chamberlain Phipps backed Evode's offer but withdrew its recommendation after Bowater entered the fray.

In a statement, the board said that "the two offers are of a very different nature and present different attractions and disadvantages to shareholders. In particular, the attractions of the Evode offer in terms of the continuing interest in the enlarged group must be carefully compared with the cash value of the Bowater offer."

Meanwhile, Bowater has increased its stake in Chamberlain yet again from 8.6 per cent to 9 per cent. In its offer document, Bowater argues that its technology, products and markets "closely complement those of Chamberlain Phipps".

However, Chamberlain Phipps in its letter to shareholders, says that the commercial arguments put forward by Bowater are of "less significance" because the cash offer would provide shareholders with "no opportunity to participate further in your company's prospects".

In contrast, the letter says that a merger with Evode would offer "attractive commercial opportunities and benefits".

Analysts expect that one or other of the bidders will need to increase its offer to ensure success. The Bowater offer is 220p per share in cash and the Evode offer is currently worth around 213p per share.

Chamberlain shares closed at 219p yesterday.

Panel steps into Splash bid

By David Waller

THE Takeover Panel has stepped into Astra Trust's £14m bid for Splash Products, requesting that the T-shirt company and character merchandiser retract a statement in its defence document that Astra "values Splash at 150p but offers 75p in Astra shares" — and that it clarify its position vis a vis possible white knights.

Splash was forced to put out a clarificatory statement, saying that it was no longer in talks with Charterhall, the investment company headed by Russell Goward. It added that it was still talking with one other party — but that no-one has stated an intention to make a counter-offer.

The statement from Splash also said that Astra had never placed the 150p per share value on its target. That figure had been arrived at by applying the same price earnings multiple used by Astra in its defence document (on the basis of a 10 pere cent growth in Splash's core businesses) to Splash's forecast of not less than £2.35m in the year to October.

Neither Splash, nor its advisors, CIBC Grenfell & Colegrave corporate finance, were available for comment yesterday. Astra recently declared that it spoke for 49 per cent of its target.

HTV holds its share of advertising revenue

HTV, the ITV franchise holder for Wales and the west of England, announced pre-tax profits of £9.59m for the six months to January 31, an increase of 15 per cent on the comparable £8.32m, writes John Ridding.

Turnover increased by 14 per cent to £75.36m (£65.85m). Earnings per share rose 14 per cent to 9.44p (8.31p) and the group declared an interim dividend of 1.5p (1.28p).

Sir Melvyn Rosser, chairman, said that he was pleased with the results and that changes in the group structure over the period had not impeded consistent financial growth.

During the period, advertising revenue saw a 12 per cent increase and HTV's share of the overall market slipped only marginally in the face of the continued increase in attraction of the south east of England.

Because of ITV's new networking system the net cost of programmes rose during the period from £5.4m to £7.9m. Sales to the network experienced only a slight increase, from £1.55m to £1.8m.

Overseas sales, however, continued to perform strongly with a 25 per cent increase for the period. Sales to S4C, the Welsh channel rose by 10 per cent to £10.9m.

Sir Melvyn said that the group remained committed to a policy of diversification. He added, however, that the development of the group's television activities, through increased sales to its various markets was also a priority.

HTV was also achieving progress in its cost cutting measures. By the end of the current financial year, it estimated that 78 staff positions would have been cut.

● COMMENT

HTV's results were at the top end of market expectations and represented a good performance over the period. The group has done well in maintaining its share of advertising revenues and overseas sales continue to expand. This is particularly important in the light of the reformed levy system, announced this week, under which taxation will be based on turnover as well as profits but under which overseas sales will be virtually exempt. The reorganisation of HTV's management structure and the implementation of cost-cutting measures should also bring benefits in the second half and higher programme sales are also expected for this period. Reservations about HTV's prospects centre on its strategy of diversification which was manifest this week in the acquisition of CCA Publications. Although the move should benefit Frost and Reed, HTV's existing fine arts subsidiary, there are question marks about the prospects of the market in which the new division will be operating. Investors also remain influenced by difficulties with HTV's previous acquisitions. Despite these reservations, profits for current year should be in the region of £18m, giving a prospective multiple of 7. At this price, HTV remains one of the lowest rated independents.

Miss World has acceptances for 42% of Piccadilly Radio's voting shares

By Philip Coggan

MISS WORLD Group, the radio and beauty contest company, has acceptances in respect of 41.8 per cent of the voting shares for its offer for Piccadilly Radio, the Manchester-based radio station.

The Piccadilly board, bar one director, is now recommending the £39m Miss World bid.

An extraordinary general meeting on Monday will vote on a resolution to allow one shareholder to own more than 15 per cent of Piccadilly's equity. The resolution, which needs to be passed for the Miss World bid to succeed, requires a 75 per cent majority.

Miss World also has acceptances from non-voting shareholders in respect of 17.9 per cent of the equity. It owns, or has options over, a further 53.3 per cent of the non-voting shares.

Meanwhile, Miss World failed in a court action yesterday to prevent Allied Entertainments, which has a 10.8 per cent shareholding in Piccadilly, from voting at Monday's egm.

Allied has said it would oppose the bid.

Saville Gordon buy

J Saville Gordon Group has acquired Glyben and its wholly owned subsidiary Cameron Glyben Securities for £1.81m cash.

Connells shares fall as bid talks end

Shares in Connells, the estate agency group, fell 25p to 265p yesterday after the company said that discussions about a possible offer for the company had been terminated.

Connells' share price rose from around 250p in early March to 290p on Thursday. In a statement, Connells said that it had held discussions with a third party about a possible offer. Mr John Simson, Connells' chairman, would not reveal the identity of that third party.

Setback for French BMP hopes

By Nikki Tait

THE STRUGGLE by BDDP, the French advertising agency, to achieve a recommended deal with Boase Massimi Pollitt, the larger UK agency group, yesterday suffered a further serious setback.

At a meeting between directors of the French agency and a small number of senior staff at BMP, BDDP was given a clear impression that such an offer would not be welcomed.

Commenting afterwards, the BDDP camp conceded that further discussion appeared pointless in the light of, what it described as, the emotional views put forward.

Yesterday, Mr Martin Boase, chairman of BMP, said that at least the French agency had been offered a platform.

"It was people here who expressed their views," he commented. Although present Mr Boase said that he had attempted to keep in the background.

For BDDP, Mr Jean Claude Boulet said that the result of yesterday's meeting "does not change our goals". He added: "There was always a chance that this was going to be hostile rather than friendly."

Mr Boulet said the company had not decided on what its course of action should be. It would be considering its position over the weekend.

BDDP announced that it had made a merger approach to BMP last week, after earlier discussions about a link-up proved abortive some months ago. It suggested making an offer at about 300p a share, and was looking for a recommended deal.

Yesterday's meeting, at which advisers were not present, did not approach the price issue.

As the shadow-boxing continued, the British agency claimed that it had received letters from 18 key clients, accounting for about 70 per cent of its business, expressing concern about the situation.

"Personally, I think it's extraordinary that they're still there," said Mr Boase. "It's madness."

Hostile bids in the agency sector are extremely rare. BMP represents a first-generation agency, where directors and staff hold about one-fifth of the shares.

Yesterday, shares in BMP were unchanged at 305p. BDDP has already acquired an 8.2 per cent stake.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1988/89 High	1988/89 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§155	F.P.	-	171	155	Assoc. British Crafts 20p	166		R5.25	2.7	4.2	10.3
§100	F.P.	-	120	108	Europa Minerals 2p	120		b1.0	-	1.1	-
‡	F.P.	-	95	70	¶Hoskins Brewery 50p	95		-	-	-	-
§47	F.P.	-	49	44	¶Malaya Group 10p	45	-1	b2.0	3.7	5.9	6.1
‡	F.P.	14/4	269	230	NFC Var Vtg 5p	255	-7½	u7.0	1.8	3.8	18.0
§52	F.P.	-	78	52	§Quiligotti 5p	76	-2	R2.0	2.4	3.5	13.4
§69	F.P.	-	80	69	RR & V Info. Syss. NV 5c	76		Q2.3c	9.1	0.9	12.9
§165	F.P.	-	210	195	Wood (Graham)	210		R7.7	2.6	4.9	7.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price £	+ or -
100p	Nil	-	14pm	6pm	Aitken Hume 7pc(Net) Cv Cm Pf	6pm	-2
§98.5	F.P.	3/4	98¾	97½	Allied-Lyons 9¼pc Deb.2019	97½	
112p	F.P.	-	112p	110p	Brown & Jackson 10¼pc Cv. Cm. Pf.	110p	-1
101½p	F.P.	-	101¾p	101p	C.H. Industrial 9¾pc Cm. Rd. Pf. £1	101¼	-¼
132p	F.P.	-	103½p	101½p	Eng. & Int'l Tst. 8¾pc Cm Pf	103½p	
§100	F.P.	-	109½	108¾	First Scots. American 11¼pc Db 2016	109½	
100p	F.P.	-	99¾	98¼	Greenall Whitley 10pc Deb 2014	98¾	
	F.P.	-	100	99¾	N'wide Anglia 12¾pc 26.2.90	99½	
-	F.P.	-	100	99¾	Do 12¾pc 19.3.90	99¾	
§99.1	£25	-	27¾	25	Do 4.25pc Index-Linked 2024	27¾	
100p	F.P.	-	121p	105p	Sidlaw Grp. 8.5p (Net) Cv Cm Rd Pf	121p	
92.52	£30	-	30¾	30	Taylor Woodrow 9½pc 1st Mtg Db 2014	30¾	
97.10	£30	-	30¾	29¾	Tops Ests. 10¾pc 1st Mtg Db 2011/16	29¾	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price p	+ or -
55	Nil	-	105pm	63pm	Glamar Group 10p	93pm	+5
45	Nil	21/4	26pm	7pm	Greenwich Resources	10pm	
375	Nil	-	92pm	76pm	LASMO	86pm	-2
250	Nil	-	185pm	168pm	¶ML Laboratories 1p	173pm	
130	Nil	-	44pm	25pm	Noble Raredon	43pm	+1
‡r100	Nil	-	70pm	65pm	Power Corp. tr10s	70pm	
45	Nil	-	20pm	11pm	¶Spice 5p	11pm	-4
220	Nil	-	46pm	39pm	Stanley Leisure Org.	40pm	-1
375	Nil	-	60pm	55pm	Watmoughs	56pm	+1

a Annualised dividend b Figures based on prospectus estimates d Dividend rate paid or payable on part of capital, cover based on dividend on full capital g Assumed dividend and yield s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend cover and p/e based on latest annual earnings M Dividend and yield based on Prospectus or other official estimates for 1988 N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross R Forecast annualised dividend cover and p/e ratio based on prospectus or other official estimates. W Pro Forma ‡ Issued by tender § Offered to holders of ordinary shares as a "rights" ‡ Introduction §Placing price ¶ Reintroduction ‡ Issued in connection with reorganisation merger or takeover ‡ Allotment price ‡ Unlisted securities market ¶ Official London listing ☐ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Mar 6
- Last Dealings Mar 31
- Last Declarations Jun 15
- For settlement Jun 26

For rate indications see end of London Share Service

Calls in T. Clarke, Wimpey, Rutland, Control Secs, Tusker, Whitegate, Dixons, Scot & New, Tullow, Forward Tech, Conroy, AB Eng, TSB, Charterhall, Colorall, Greenwich Res, Rayne, Scantran, Amstrad, CH Inds, Hopkinsons.

Church downturn to £5.47m

By Alice Rawsthorn

CHURCH & Co, the oldest established shoe company best known for its traditional brogues, saw its share price fall by 10p to 420p yesterday when it announced a decline in pre-tax profits from £5.87m to £5.47m for 1988.

Mr Ian Church, chairman, said retail sales in the UK had suffered because "people just stopped spending money on shoes" while profits in North America came under pressure from the strength of sterling against the US dollar.

The wholesale business fared well. The company is considering making an offer for Alan McAfee, the classic shoe company which went into receivership earlier this week. Church already has the rights to the McAfee name outside central London.

Church's turnover rose to £55.32m (£51.54m) but trading profits fell to £5.75m (£6.32m) in 1988. The impact on earnings per share was lessened by an increase in property profits to £653,000 (£370,000) and a lower rate of tax. Earnings per share slipped to 33.4p (35.3p). The final dividend is being raised to 9p (8.5p) making a total of 12p (11.5p).

A. Jones, the UK retailing subsidiary, suffered from weak demand. It saw pre-tax profits rise slightly to £2.05m (£1.94m) on turnover of £29.21m (£28.15m).

Mr Church said the pace of demand was slow in the opening weeks of the year but sales had since improved, especially for women's and children's shoes. The company had completed the installation of electronic point-of-sale systems in all its shops.

Church also experienced sluggish demand in its US retail operations. But the principal problem was the impact of the strong pound on profitability. It was unable to absorb the full impact of currency changes by increasing prices. The chairman said the situation had eased in recent months, but that it would take "quite some time" for margins in the US to recover.

The difficulties in retailing were alleviated by healthy demand for Church's shoes in the wholesale sector.

Kingfisher flies into a legal dispute

AH Hermann considers Woolworth's attempts to change its name

THE LAW applicable to the naming and renaming of companies is clear and simple. It is hard to believe that a big and reputable enterprise, with the best legal talent available, could get involved in the fracas presented on Thursday for public amusement by Woolworth, which wants to be called Kingfisher and the publisher which has borne the name Kingfisher Group since 1987.

However, the difference between the names and the complex story of the acquisition by Woolworth of a company registered under the name Kingfisher in 1986, and the transfer of this name to another Woolworth-controlled company in 1988, complicate the case and provide a lot of opportunity to lawyers. Even so, one would say it was easier and cheaper to invent another name.

The Companies Act 1985 could not be clearer. Section 26c provides that a company shall not be registered by a name which already appears on the registrar's index of company names.

That means that the registrar would refuse to re-register Woolworth as Kingfisher Group unless the name was first struck off the register. Kingfisher may, or may not, be a different proposition.

The registrar may take these for two different names. But the aggrieved party may ask for judicial review and find a judge who will take a different view. And the Court of Appeal may differ again and so on to the House of Lords, as long as money lasts.

There is a cheaper possibility, which the Kingfisher Group intends to take. Under the 1985 Act, the Secretary of State for Trade and Industry has the power to require a company to abandon a name so misleading of the nature of its activities that it is likely to cause harm to the public.

As it is doubtful that anyone would confuse the publishers with a store, such interventioo by the DTI is by no means certain. And if it did take place it would be opposed again to judicial review with all the time and money this would cost.

Probably for this reason the publishers are also taking another form of action. It has served a writ on Woolworth claiming the common law offence of 'passing off'. This gives the judge a much greater discretion.

While the names have to be the same to prevent registration under the 1985 Act, a 'passing-off' action can succeed if the names are merely similar to a degree capable to confuse the public. That is unlikely to be the case,though, unless Woolworth wanted to engage in publishing, or at least book distribution.

If Woolworth could establish proper succession to the small company which registered as Kingfisher in 1986, that is before the registration of the publishers as Kingfisher Group, the tables could be turned on the publisher by a counterclaim that they were 'passing off'.

But there again is the fact that the name Kingfisher was transferred to yet another Woolworth company in 1988, which probably involved a new registration after the name was first struck off the register.

Would that destroy the priority? It gets curiouser and curiouser and I am not ready to put my head on the block.

Normally one would expect such litigation to take years and it would be more than foolish to spend money on the promotion of a name which might have to be withdrawn. However, if the two companies can convince the court that the matter is of great urgency, they may get a quick decision before any promotion of the new name. In that case Woolworth would not risk more than having to change its name again.

The City of London seems now to be a lawyers' paradise.

SPS £38,000 loss after problems at acquisition

By Andrew Hill

MANAGEMENT PROBLEMS at a consulting engineering subsidiary dragged SPS Consultancy Group into the red in the first half of the year, wiping 15 per cent off the USM company's share price.

The building and design services group lost £38,000 before tax in the six months to December 31, compared with pre-tax profits of £264,000 in the equivalent period, and did not declare an interim dividend. The shares fell from 80p to 68p on the news.

Turnover was up from £1.48m to £1.52m and earnings fell from 3.54p to a loss of 0.5p per share.

Mr Roger Henderson, chairman, said KPA Consulting Engineers, bought in February 1988, lost £154,000, mostly in the first three months of the year before management was changed.

"The root of the problem was that the business appeared to be very busy and requirements for additional staff in April and May were apparently justified," he said yesterday. "But expectations were far in excess of reality."

He said KPA was now trading profitably, and added that the experience would encourage SPS to be more cautious when making acquisitions.

Profits were also lower at Anderlyn Consultancy, the office design subsidiary, which made £135,000 (£231,000) in the first half thanks to a slow start and the cost of recruiting additional senior management. Wells-Thorpe & Suppel, the architectural operation, made £46,000 (£33,000).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Bellwinch	int	1.1	May 3	1.1	-	3.75
Church & Co	fin	9	-	8.5	12	11.5
Copymore §	fin	1.7	June 2	1	2.5	2
Estates & Gen	fin	2.3	-	2	3.4	3
HTV	int	1.5	May 5	1.23*	-	3.9*
Kewill	fin	3.9†	May 5	3.5	5.7	5.2
LWT	int	2.45	-	2.04	-	6.4
Mallett	fin	3	May 20	2.7	4.4	4
SPS Consultancy§	int	nil	-	0.75	-	2.25
Sykes Pickavant§	int	3.5	May 22	3	-	6
Walker (Thomas)	int	0.28	-	0.175	-	1.475

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡US cents.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Conservative Party central council meets in Scarborough. A delegation from the International Monetary Fund is expected to arrive in Jordan to discuss Jordanian efforts to revive the economy and reschedule foreign debt of $6.5bn. Inter-American Development Bank committee deliberations and other pre-conference meetings in the Netherlands.

TOMORROW: National Savings monthly progress report (February). General elections in San Salvador. Second round of French municipal elections.

MONDAY: Food facts (fourth quarter). London and Scottish banks monthly statement (February). Provisional estimates of monetary aggregates (February). European Community general affairs council meets in Brussels (until March 21). European Community agriculture council meeting in Brussels (until March 21). Financial Times holds conference "Retailing in the 90's- the role of technology" at Hotel Inter-Continental, London (until March 21). Annual session of China's legislature opens in Beijing (expected to last two to three weeks). World Health Organisation consultations on salmonella in poultry/eggs (until March 23).

TUESDAY: US cost price index (February): real earnings and budget statement. Day of action in France by transport workers of the Communist-dominated CGT labour confederation. Halifax Building Society anoual statement.

WEDNESDAY: Building Societies monthly figures (February). Manufacturers' and distributors' stocks (fourth quarter revised). Cyclical indicators for the UK economy (February). New construction orders (January provisional). US durable goods (February). Meetings of TUC general council and Labour Party national executive. Resumption of March parliamentary session in Budapest to discuss strike law.

THURSDAY: Tax and price index (February). Retail prices index (February). US gross national product (fourth quarter-second revision). Mrs Margaret Thatcher, Prime Minister, on visit to Rabat. Scottish Prison Officers annual conference in Dunblane (until March 24).

FRIDAY: US personal income (February). National Union of Teachers hold annual conference in Blackpool (until March 29). Parliament of autonomous Kosovo province to process amendments to construction of bigger Yugoslav republic Serbia which would curb the province's autonomy. Emergency party congress of communists in Yugoslav republic of Montenegro in wake of January protest which toppled local regime.

BANK RETURN

BANKING DEPARTMENT	Wednesday March 15, 1989 £	Increase or decrease for week £
LIABILITIES		
Capital	14,553,000	
Public Deposits	102,450,494	+ 8,802,144
Bankers Deposits	1,307,592,095	+ 19,918,829
Reserve and other Accounts	1,798,945,446	− 1,082,701
	3,223,611,195	+ 27,718,272
ASSETS		
Government Securities	816,594,990	− 34,221,568
Advance and other Accounts	958,190,482	+ 331,116,004
Premises Equipment & other Secs	1,441,590,151	− 273,544,809
Notes	7,951,193	+ 4,351,004
Coin	228,379	− 22,245
	3,223,611,195	+ 27,718,272
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	14,292,048,807	+ 85,808,998
Notes in Banking Department	7,951,193	+ 4,301,004
	14,300,000,000	+ 90,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	9,598,977,303	+ 128,814,866
Other Securities	4,690,007,597	− 218,814,866
	14,300,000,000	+ 90,000,000

EUROPEAN OPTIONS EXCHANGE

Series		May 89 Vol	Last	Aug. 89 Vol	Last	Nov. 89 Vol	Last	Stock
[illegible]								

TOTAL VOLUME IN CONTRACTS : 99,076

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%
ABN Bank	13
Adam & Company	13
AIB - Allied Arab Bk	13
Allied Irish Bank	13
● Henry Ansbacher	13
American Express Bk	13
ANZ Banking Group	13
Associates Cap Corp	13
Authority Bank	13
● B & C Merchant Bank	13
Banco de Bilbao Vizcaya	13
Bank Hapoalim	13
Bank Leumi (UK)	13
Bank Credit & Comm	13
Bank of Cyprus	13
Bank of Ireland	13
Bank of India	13
Bank of Scotland	13
Banque Belge Ltd	13
Barclays Bank	13
Benchmark Bank PLC	13
Berliner Bank AG	13
Brit Bk of Mid East	13
● Brown Shipley	13
Business Mtge Tst	13½
CL Bank Nederland	13
Central Capital	13
● Charterhouse Bank	13
Citibank NA	13
City Merchants Bank	13
Clydesdale Bank	13
Comm Bk N East	13
Cyprus Popular Bk	13
Co-operative Bank	*13
Coutts & Co	13
Dunbar Bank PLC	13
Duncan Lawrie	13
Equatorial Bank plc	13
Exeter Trust Ltd	13½
Financial & Gen. Bank	13
First National Bank Plc	13
● Robert Fleming & Co	13
Robert Fraser & Ptnrs	13½
Girobank	13
● Guinness Mahon	13
HFC Bank plc	13
● Hambros Bank	13
Heritable & Gen Inv Bk	13
● Hill Samuel	§13
C. Hoare & Co	13
Hongkong & Shangh	13
● Leopold Joseph & Sons	13
Lloyds Bank	13
Meghraj Bank Ltd	13
McDonnell Douglas Bk	13
Midland Bank	13
Mortgage Express Ltd	$13.95
Mount Banking Corp	13
Nat Bk of Kuwait	13
NatWestminster	13
Northern Bank Ltd	13
Norwich Gen. Trust	13
PRIVATbanken Limited	13
Provincial Bank PLC	13
R. Raphael & Sons	13
Roxburghe Guarantee	13½
Royal Bk of Scotland	13
Royal Trust Bank	13
● Smith & Williams Secs	13
Standard Chartered	13
TSB	13
United Bk of Kuwait	13
United Mizrahi Bank	13
Unity Trust Bank Plc	13
Western Trust	13
Westpac Bank Corp	13
Whiteaway Laidlaw	13½
Yorkshire Bank	13

● Members of British Merchant Banking & Securities Houses Association. * Deposit rate 5.22% Saverwise 8.47%. Top Tier-£10,000+ instant access 11.72% & Mortgage base rate. § Demand deposit 8%. Mortgage 13.625% - 14.00%

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Mar 17 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Mar 16 Index No.	Wed Mar 15 Index No.	Tue Mar 14 Index No.	Year ago (approx) Index No.	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (207)	949.24	-1.8	10.16	3.88	12.88	3.85	966.57	972.33	974.30	778.80	974.30 14/3 /89	706.80 8 /2 /88	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (28)	1199.72	-2.3	10.61	3.81	11.60	8.98	1228.11	1232.79	1236.66	1049.17	1236.66 14/3 /89	980.82 9 /12/88	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (38)	1773.43	-1.3	11.33	3.49	11.49	4.49	1796.50	1791.30	1801.66	1617.79	1801.66 14/3 /89	1385.83 4 /1 /88	1951.58 16/7 /87	71.48 2 /12/74
4 Electricals (10)	2880.71	-1.9	8.20	4.27	14.52	1.47	2854.97	2875.61	2890.24	2088.85	2890.24 14/3 /89	1946.07 8 /4 /88	2890.24 14/3 /89	84.71 25/6 /62
5 Electronics (30)	2126.72	-1.7	0.88	3.13	14.60	12.07	2163.23	2202.74	2200.94	1547.86	2202.74 15/3 /89	1423.66 9 /2 /88	2236.70 17/7 /87	1229.01 8 /10/85
6 Mechanical Engineering (55)	505.98	-1.8	10.83	3.85	12.16	1.15	515.39	516.81	518.41	403.36	518.41 14/3 /89	367.20 8 /2 /88	544.57 14/10/87	45.43 5 /1 /75
8 Metals and Metal Forming (7)	538.92	-1.5	14.24	5.47	7.94	0.00	546.94	548.06	549.42	474.21	549.42 14/3 /89	424.40 19/2 /88	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (17)	313.17	-1.7	11.38	4.68	10.27	3.23	318.74	320.21	321.06	287.80	321.06 14/3 /89	254.09 12/12/88	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (22)	1583.47	-1.7	9.17	4.21	12.98	4.62	1611.05	1615.09	1614.74	1299.50	1615.09 15/3 /89	1191.01 8 /2 /88	1736.80 22/9 /87	277.55 15/1 /81
21 CONSUMER GROUP (186)	1170.12	-2.2	8.91	3.66	14.07	3.84	1196.84	1203.91	1207.48	1009.38	1207.48 14/3 /89	989.31 14/12/88	1406.32 16/7 /87	61.41 13/12/74
22 Brewers and Distillers (22)	1308.21	-2.8	9.55	3.48	13.23	5.20	1345.57	1362.13	1364.69	1093.86	1364.69 14/3 /89	951.87 8 /2 /88	1364.69 14/3 /89	69.47 13/12/74
25 Food Manufacturing (20)	1025.84	-1.9	9.21	3.95	13.55	5.62	1044.93	1053.35	1056.82	858.80	1069.06 8 /2 /89	805.48 6 /4 /88	1092.25 16/7 /87	59.67 11/12/74
26 Food Retailing (15)	1955.65	-2.9	9.27	3.59	14.19	8.25	2014.99	2036.39	2032.00	2156.41	2179.42 18/3 /88	1723.24 15/12/88	2649.96 16/7 /87	54.25 11/12/74
27 Health and Household (13)	2135.39	-2.0	6.60	2.70	17.32	0.59	2179.91	2174.31	2195.38	1896.48	2195.38 14/3 /89	1708.33 13/1 /88	2699.85 16/7 /87	175.38 28/5 /80
29 Leisure (33)	1625.81	-1.8	7.39	3.28	17.01	12.33	1655.65	1661.09	1659.07	1310.60	1661.09 15/3 /89	1142.19 4 /1 /88	1661.09 15/3 /89	54.83 9 /1 /75
31 Packaging & Paper (17)	588.04	-2.3	9.54	3.92	12.94	1.24	601.76	601.57	600.96	518.61	607.36 8 /2 /89	473.11 6 /4 /88	739.48 16/7 /87	43.46 6 /1 /75
32 Publishing & Printing (18)	3675.00	-2.5	8.60	4.27	14.56	3.92	3769.04	3786.35	3814.99	3618.41	3916.24 8 /2 /89	3091.72 14/12/88	5070.66 5 /10/87	55.08 0 /1 /75
34 Stores (33)	767.78	-2.0	11.06	4.51	11.09	1.64	783.57	789.45	789.32	855.12	859.85 28/1 /88	658.79 9 /12/88	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (15)	514.25	-1.6	12.07	5.46	10.06	0.25	522.48	527.30	531.76	586.22	620.72 27/4 /88	432.61 14/12/88	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (94)	1065.57	-2.1	9.93	4.15	12.30	4.23	1088.33	1096.70	1104.67	912.74	1104.67 14/3 /89	834.42 8 /2 /88	1192.48 0 /10/87	58.63 6 /1 /75
41 Agencies (18)	1299.94	-1.6	8.24	2.56	15.54	10.61	1321.61	1319.94	1329.87	1219.02	1337.13 7 /3 /89	994.91 12/12/88	1795.57 17/7 /87	870.35 4 /12/87
42 Chemicals (22)	1197.33	-1.2	11.12	4.87	10.80	18.47	1211.28	1212.49	1217.03	1048.06	1235.01 8 /2 /89	973.71 5 /4 /88	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (11)	1518.63	-1.8	10.11	4.83	11.43	4.27	1537.65	1542.49	1547.26	1205.18	1547.26 14/3 /89	1095.37 4 /1 /88	1547.26 14/3 /89	975.19 10/11/87
45 Shipping and Transport (13)	2377.67	-2.0	8.06	3.52	16.12	0.00	2425.09	2435.44	2454.48	1963.36	2454.48 14/3 /89	1718.96 4 /1 /88	2497.85 16/7 /87	90.80 29/6 /62
47 Telephone Networks (2)	1109.06	-2.9	10.59	4.24	12.28	0.00	1142.66	1162.03	1178.89	998.54	1178.89 14/3 /89	880.24 12/1 /88	1274.14 9 /6 /87	517.92 30/11/84
48 Miscellaneous (28)	1480.91	-2.3	9.57	3.69	11.09	0.92	1515.85	1532.13	1537.15	1207.16	1537.15 14/3 /89	1096.28 19/3 /88	1773.78 3 /10/87	60.39 6 /7 /75
49 INDUSTRIAL GROUP (487)	1105.62	-2.1	9.55	3.86	12.94	3.82	1128.97	1136.21	1140.64	971.70	1140.64 14/3 /89	887.00 8 /2 /88	1266.86 16/7 /87	59.01 13/12/74
51 Oil & Gas (13)	2011.48	-0.4	9.48	5.50	13.51	40.19	2020.43	1994.15	1964.18	1866.63	2020.43 16/3 /89	1681.40 9 /9 /88	2458.68 16/7 /87	87.23 29/5 /62
59 500 SHARE INDEX (500)	1182.32	-1.9	9.54	4.08	13.01	6.72	1204.70	1208.63	1211.20	1047.40	1211.20 14/3 /89	958.79 5 /2 /88	1369.88 16/7 /87	63.49 13/12/74
61 FINANCIAL GROUP (126)	748.48	-1.4	–	4.98	–	8.33	759.20	762.54	762.90	688.20	776.56 8 /2 /89	630.02 8 /2 /88	896.67 13/10/87	55.88 13/12/74
62 Banks (8)	733.71	-1.5	23.09	6.50	5.66	18.41	745.11	747.97	755.51	671.19	788.44 8 /2 /89	610.26 7 /4 /88	898.38 16/7 /87	62.44 12/12/74
65 Insurance (Life) (8)	1092.40	-1.5	–	5.09	–	0.00	1107.57	1113.62	1082.94	1031.34	1113.62 15/3 /89	906.86 14/12/88	1285.72 9 /10/87	44.88 2 /1 /75
66 Insurance (Composite) (7)	591.25	-1.4	–	3.42	–	6.78	599.36	603.62	608.95	543.38	611.64 8 /2 /89	481.43 8 /2 /88	707.58 13/10/87	43.96 13/12/74
67 Insurance (Brokers) (7)	986.43	-0.1	8.88	6.25	14.08	15.60	987.12	985.61	994.99	858.80	1071.22 8 /2 /89	823.41 6 /4 /88	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (11)	342.20	-0.6	–	4.38	–	0.50	344.14	347.57	348.86	340.29	378.23 9 /6 /88	309.82 13/12/88	547.59 12/10/87	31.21 7 /1 /75
69 Property (53)	1322.23	-1.0	5.56	2.57	22.88	1.96	1345.88	1358.64	1352.49	1132.29	1352.49 14/3 /89	975.44 4 /1 /88	1374.86 16/7 /87	56.01 20/4 /65
70 Other Financial (32)	384.10	-0.9	9.32	5.31	13.49	1.92	387.53	388.15	389.88	400.63	401.37 22/3 /88	348.50 14/12/88	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (73)	1092.83	-1.7	–	2.87	–	6.18	1111.82	1115.74	1117.05	891.36	1117.05 14/3 /89	784.91 4 /1 /88	1207.98 5 /10/87	71.12 13/12/74
81 Mining Finance (2)	676.61	-0.1	8.56	3.19	12.90	2.50	677.57	682.43	686.92	472.43	686.92 13/3 /89	385.04 8 /2 /88	727.93 3 /8 /87	66.31 30/9 /74
91 Overseas Traders (8)	1398.47	-0.5	8.45	4.78	13.81	15.65	1405.49	1403.12	1403.48	1030.02	1447.77 7 /11/88	969.88 4 /1 /88	1447.77 7 /11/88	97.37 6 /1 /75
99 ALL-SHARE INDEX (709)	1076.71	-1.7	–	4.16	–	7.82	1095.79	1099.58	1101.68	951.46	1101.68 14/3 /89	870.19 8 /2 /88	1238.57 16/7 /87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 16	Mar 15	Mar 14	Mar 13	Mar 10	Year ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2073.1	-39.5	2105.3	2063.6	2112.6	2121.2	2125.4	2103.0	2085.2	1855.5	2125.4 14/3 /89	1694.5 8 /2 /88	2443.4 16/7 /87	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Mar 17	Day's change %	Thu Mar 16	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.14	-0.15	118.31	–	2.84
2	5-15 years	135.61	-0.39	136.14	–	2.32
3	Over 15 years	147.34	-0.57	148.18	–	3.99
4	Irredeemables	175.05	-1.03	176.87	–	1.51
5	All stocks	132.73	-0.34	133.18	–	2.73
	Index-Linked					
6	5 years	132.66	+0.13	132.49	–	1.36
7	Over 5 years	133.73	-0.14	133.92	–	0.95
8	All stocks	133.56	-0.13	133.73	–	0.95
9	Debentures & Loans	118.06	-0.17	118.27	–	2.14
10	Preference	89.88		89.88	–	1.12

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 17	Thu Mar 16	Year ago (approx.)	1988/89 High	1988/89 Low
	British Government						
1	Low	5 years	9.34	9.33	8.64	10.54 14/12/88	8.38 18/4 /88
2	Coupons	15 years	9.00	8.95	9.08	9.83 13/1 /88	8.77 9 /2 /89
3		25 years	8.84	8.76	8.96	9.57 13/1 /88	8.73 16/2 /89
4	Medium	5 years	10.47	10.36	9.13	10.94 14/12/88	8.75 18/4 /88
5	Coupons	15 years	9.46	9.30	9.27	10.01 13/1 /88	9.12 15/3 /88
6		25 years	9.02	8.95	9.13	9.79 13/1 /88	8.85 17/2 /89
7	High	5 years	10.59	10.49	9.23	11.06 14/12/88	8.84 10/4 /88
8	Coupons	15 years	9.67	9.60	9.41	10.16 13/1 /88	9.26 15/3 /88
9		25 years	9.20	9.13	9.17	9.82 13/1 /88	8.99 27/1 /89
10	Irredeemables†		8.80	8.70	8.94	10.09 2 /9 /88	8.65 18/4 /88
	Index-Linked						
11	Inflation rate 5%	5yrs.	3.36	3.38	2.64	3.87 4 /1 /89	2.09 30/3 /88
12	Inflation rate 5%	Over 5 yrs.	3.49	3.47	3.83	4.27 13/1 /88	3.44 13/3 /89
13	Inflation rate 10%	5 yrs.	2.54	2.56	1.74	3.59 13/1 /88	1.09 30/3 /88
14	Inflation rate 10%	Over 5 yrs.	3.33	3.32	3.68	4.37 13/1 /88	3.28 13/3 /89
15	Debs &	5 years	12.08	11.64	10.77	12.11 13/3 /89	10.10 24/5 /88
16	Loans	15 years	11.31	11.20	10.64	11.41 28/9 /88	10.51 19/4 /88
17		25 years	10.72	10.75	10.64	11.21 2 /9 /88	10.51 19/4 /88
18	Preference		10.00	10.00	10.45	10.84 4 /1 /88	9.54 22/8 /88

‡Opening index 2099.3; 10 am 2093.0; 11 am 2096.8; Noon 2105.1; 1 pm 2103.2; 2 pm 2089.7; 3 pm 2066.4; 4 pm 2070.1; 4.05 pm 2069.3 (a) 12.04pm (b) 2.52pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LEGAL NOTICE

LAKSFIELD MANAGEMENT LIMITED

(In voluntary liquidation)

Will any party claiming to have suffered losses as a result of the management of investments by the above please contact any of the following firms:

Bolsover Manning Scott B Co.,
Castle House,
11 Bridge Road,
Stockton-on-Tees,
Cleveland. TS18 3AD.
Tel: 0642 673797 Reference NB

MacDonald Oates B Co.,
Square House,
The Square,
Petersfield,
Hampshire. GU32 3HT.
Tel: 0730 68211 Reference SRC

Brafman Morris,
74 New Cavendish Street,
London, W1M 7LD.
Tel: 01-631 4883 Reference ?

INTERNATIONAL COMPANIES AND FINANCE

Hongkong Land plans HK$5.1bn restructuring

By John Elliott in Hong Kong

HONGKONG Land, one of the colony's biggest landlords and the property development arm of the Jardine Matheson group, yesterday announced a HK$5.1bn (US$654.6m) corporate restructuring along with a 10 per cent increase in 1988 profits, which totalled HK$1.32bn after taxation and minority interests.

The restructuring coincides with a decision to move the statutory domicile of Hongkong Land to Bermuda, where a new company, Hongkong Land Holdings is expected to be set up by the end of May. Mr Simon Keswick, who heads the Jardine group, is expected to be its chairman.

The moves were announced yesterday by Mr Nigel Rich, chairman of Hongkong Land. He said the company had decided to return HK$5.1bn to shareholders, subject to Hong Kong SE approval.

"At a time when the company's shares are trading far below their net asset value we think this is a good way of returning full value to shareholders," Mr Rich said. The company put its net asset value at end-1988 at HK$16.57 a share, compared with a closing market price of HK$11.60 yesterday.

The decision caused some surprise and criticism among Hong Kong's financial community last night. The main beneficiary of the hand-out, which will have to be borrowed from banks, will be Jardine Strategic, the group's main holding company, which has a 33 per cent stake in Hongkong Land.

This means that the group is, in effect, increasing the gearing in Hongkong Land in order to reduce it in Jardine Strategic. Last night brokers estimated that Jardine Strategic would be able to cut its debt from HK$3.2bn to HK$1.32bn.

Hongkong Land shareholders will receive HK$2 and one new share in the Bermuda company in return for every share they own. At the same time the company's share capital will be reduced by HK$5.1bn.

Hongkong Land has benefited from the colony's property boom in the past year but its profits have not risen as sharply as many other local companies.

This is because 1987 figures were inflated with HK$400m from property sales and profits of the Mandarin Oriental hotel company, before it was hived off.

Earnings per share were 48.3 cents compared with 44.7 cents in 1987. The final dividend is 25 cents following a 13 cent interim, which makes a total of 38 cents for the year compared with 34.01 cents.

HUTCHISON WHAMPOA, the Hong Kong conglomerate, is to sell a 10 per cent stake in Hongkong International Terminals, the colony's biggest container terminal operator, to the Chinese state-owned China Resources (Holdings) for HK$1.32bn (US$169m), Agencies report. The stake will represent China Resources' largest single investment in any infrastructure project in Hong Kong.

Merck optimistic over new ulcer drug

By Peter Marsh

MERCK, the US company which is the world's biggest pharmaceutical group, said yesterday it had high hopes of introducing in the US soon a drug which could challenge the dominance in the anti-ulcer market of Zantac, the world's top-selling medicine made by Glaxo of the UK.

This is in spite of the feeling among many drug-industry analysts that the US company had received a setback this week as a result of a recommendation from a US government advisory body regarding a new Merck-backed medicine for treating ulcers and related stomach conditions.

Glaxo is the second biggest drugs company after Merck. It has grown quickly in recent years, largely due to the strong performance of Zantac, which this year is expected to become the first medicine to achieve annual sales of $2bn.

The US recommendation, by an advisory committee of the Food and Drug Administration, involves Losec – an ulcer drug which Merck plans to sell in the US under licence from Sweden's Astra.

The committee advised that the FDA grant a product licence for Losec for some *ulcer-related stomach conditions*. But it stopped short of calling for full approval for the drug's use against acute duodenal ulcers.

Treatment of full-blown ulcers accounts for the biggest share of the $5bn annual market for ulcer drugs.

The FDA said yesterday the committee found "long-term safety concerns" related to the use of Losec in treating full-blown ulcers. As a result, it recommended that Losec should be used only in cases where other treatments had failed. These recommendations are not binding but are expected to be ratified by the FDA within the next year.

New Jersey-based Merck said yesterday the FDA committee's decision had been positive as it meant Losec was a step nearer becoming approved for sale in the US, the world's biggest marketplace for pharmaceuticals. It did not think the lack of full approval for the duodenal ulcer condition was a setback.

However, Mr Paul Clifton, a drug industry analyst at Smith New Court, a London stockbroker, said he thought the decision would help Glaxo, at least, in the short term.

Ms Elie Gibson, an analyst at the London office of Merrill Lynch, said that on the basis of the FDA panel's decision she thought Merck would be unlikely to introduce Losec in the US for treating full-blown ulcers within two years.

Strong demand for paper products helps lift SCA

By Sara Webb in Stockholm

SCA, Sweden's second largest forestry group, raised its profits after financial items by 27 per cent to SKr2.6bn ($406.2m) in 1988, boosted by strong demand for hygiene and paper products.

SCA's board plans to pay a dividend of SKr7.25 this year, up from SKr6 in 1987. It proposes a bonus share issue, raising the stock par value from SKr25 to SKr30 per share, followed by a split into three.

The group expects profits after financial items for 1989 to be "at least as good as 1988," provided the current strong demand for forestry products continues.

Group sales jumped 33 per cent to SKr20.85bn last year from SKr15.68bn, while operating profit increased by 27 per cent to SKr2.82bn.

Moelnlycke, SCA's health care and consumer products division, showed a 40 per cent increase in operating profit to SKr701m. Sales jumped 41 per cent to SKr10.42bn due largely to the acquisition of Peaudouce, the French disposable nappies company, at the beginning of 1988.

The group's forest and paper products side increased operating profit by 28 per cent to SKr1.75bn due to higher prices and full use of capacity. Division sales rose by 26 per cent to SKr8.84bn.

The packaging division increased sales by 37 per cent to SKr1.73bn and profits edged up 4 per cent to SKr143m.

Nixdorf's whiz-kid suffers a fall from grace

David Goodhart on Klaus Luft's beleaguered tenure at the German computer group

WHATEVER the financial markets think of Mr Klaus Luft, the Nixdorf chairman is one company executive who can properly be described as beleaguered.

But as befits the ebullient salesman he is, Mr Luft was hiding most of the pain of his fall from grace during a lavish "medieval" feast hosted by the West German computer group last week at the CeBIT technology fair in Hanover.

The company traditionally has an extensive and expensive presence at the fair – it spent DM12m ($6.4m) this year. Although an expected operating loss for 1988 – following years of steady, sometimes heady, growth – might have been the occasion for trimming back the Hanover show, Nixdorf clearly decided it should be business as usual.

In truth, most of those present at the feast had some reason for feeling uneasy. The financial analysts and journalists from the computer press, who have for years been simply amplifying the success *story*, had no inkling of the real turbulence beneath the surface when this time last year Mr Luft said the company was sailing into rougher waters.

More worrying, Mr Luft and his senior executives appear not to have taken their own prediction seriously. Indeed, as *late as November last year* they were forecasting steady profits and an unchanged DM10 per share dividend on the company's preference shares for 1988. The payout has, in fact, been more than halved to DM4, while the voting shares will receive no dividend.

With inescapable honesty Mr Luft accepts that the slowness to respond to changing market circumstances and the apparent ignorance of the underlying health of the company are serious shortcomings. He also admits, again inescapably, that recruitment and personnel costs were allowed to run out of control.

Mr Luft accepts too that the company was late into the personal computer market – although that arguably was the fault of the new deified founder Mr Heinz Nixdorf, who died in 1986 – and must become more flexible in providing "complete solutions" in office software/hardware, for which it originally became famous.

But how does Mr Luft explain the company's current plight and recovery strategy to old and prospective customers in Hanover? And what is their attitude to the fallen angel of German business?

"Of course there is a certain amount of schadenfreude and some customers are genuinely worried about what they have read in the press, but most just slap you on the back and say 'welcome to the club,'" he says.

To those less "clubable" he points to Nixdorf's strong balance sheet, the depression of reported profits through the inability to capitalise software, and the three-track strategy to put the company back on the growth path.

The first track is cost-cutting, the second is a new management structure based on products rather than geography, and the third is a shift into "integrated" systems – those compatible with other manufacturers' products.

Klaus Luft: some customers genuinely worried

The technology strategy was unveiled at Hanover with much fanfare under the title "three pillars of the future" – Nixdorf systems, personal *computers and Unix-based systems*, which allow for integration of different manufacturers' products.

Most analysts complain that the three-track strategy is too little too late and that, in any case, the new management and product structure have been planned for at least 18 months.

The wrath of those analysts may be the price Nixdorf is paying for its past public relations success.

The analysts feel let down by the suddenness of the Nixdorf reversal but some also admit to being embarrassingly spellbound since the public flotation in 1984. Since then the dividend has been raised only once, by DM1, and it was not until just before the 1987 crash that Nixdorf stock actually outpaced the FAZ index.

In this context, the tone of Nixdorf's Hanover press conference was naturally more defensive than in the past. But Mr Luft sounds bitter only when complaining of his treatment by the German press.

"They have been writing things which are just not true and nobody bothers to even ask us," he says.

He also resents the implication that he has created a bubble of hype around Nixdorf which was bound to pop without the guiding hand of Mr Heinz Nixdorf.

The markets have, it is true, tended to focus only on the steady progress since 1984. To remind those he meets that Nixdorf has had bumpy patches in the past Mr Luft carries around a report from the Die Welt newspaper dated November 1974 which reads like many more recent reports.

Mr Luft insists he has told as much of the truth as he can in recent months and adds: *"When I cannot say something I will tell you I cannot. I won't give you a misleading reply."*

True to his word, asked to comment on reports that controllers of the two family trusts which own most of the voting shares are fed up with his management and their lack of dividends he says: "No comment."

A takeover remains highly unlikely and the management could veto it – but that does not rule out a coup against 47-year old Mr Luft himself. Like most bosses he attracts grumbles about arrogance, but insiders also describe a man full of energy and ideas who sometimes lacks clear priorities and patience.

There also appear to be continuing disagreements at the very top of the company, with one senior manager suggesting last week that Nixdorf ought to specialise far more in the business sectors it knows well, while separating the management of software from systems. Both these ideas are rejected by Mr Luft.

Despite his troubles, Mr Luft has not lost his sense of humour or his interest in broader questions of business and politics. He suggested to Mr Helmut Kohl, the West German Chancellor, in Hanover that a group of businessmen should be established to help improve relations with Mrs Thatcher. He also proposed the formation of a US-style Peace Corps to channel the idealism of young Germans.

He remains a supporter of the current centre-right coalition in Bonn but fears it may be losing its touch. For example, on the issue of repatriating East Bloc Germans, on which Mr Kohl has laid such stress, Mr Luft says he has faced considerable opposition to hiring the newcomers from his unions.

Like that increasingly unsteady Bonn coalition, Mr Luft, erstwhile whiz-kid, is on probation.

BCE property link with Olympia & York axed

By David Owen in Toronto

BCE, Canada's largest conglomerate, and the Reichmann brothers' Olympia & York Developments have unexpectedly called off their proposed property-sector collaboration due to differences over the future direction of the venture.

The development marks a setback for BCE, a Montreal-based holding company with interests in telecommunications, pipelines, energy, printing and financial services, as well as property.

The group is undertaking an extensive repositioning of assets under Mr J.V. Raymond Cyr, its chief executive of almost a year's standing.

BCE had previously extolled the arrangement, which would effectively have given O&Y a substantial minority stake in BCE Development (BCED) – a C$2.7bn ($2.3bn) property group controlled by BCE.

Mr Cyr explained in an interview earlier this month that the collaboration "was a combination of the realisation that the company needed additional equity to support some of the projects under development and the expertise that we think O&Y will bring."

The need for equity is partly explained by the difficulty which BCED has experienced in digesting its US$1bn takeover of Oxford Properties, a deal consummated in 1986.

"The markets in the US midwest that we got into have *been slower than expected to* turn around," Mr Cyr admitted. In addition to key Canadian urban centres, BCED has interests in Chicago, Minneapolis, Denver and Phoenix.

For 1988, BCED reported net earnings of just C$44,000 on revenues of C$659m. This compared with income of C$16.1m on revenues of C$453.7m a year ago.

BCE indicated it was too soon to judge whether similar overtures to other specialist developers would be made.

BNZ appoints chief executive to lead revival

By Dai Hayward in Wellington

THE Bank of New Zealand, still suffering from the controversy surrounding the shelved sale of the government's 87 per cent stake and revelations of NZ$600m (US$370m) in bad debts following the stock market crash, is to have a new chief executive.

He is Mr Lyndsay Pyne, who in the past two years has steered New Zealand's Postbank from a cumbersome, loss-making government department into an efficient, commercially orientated retail bank.

He succeeds Mr Bob McCay, who will retire six months early on May 1 after 43 years with BNZ.

Mr Pyne will face enormous challenges in returning the bank to profitability and restoring staff morale. BNZ has shed more than 800 staff in recent months and has indicated that further staff reductions may be necessary.

Rio Algom agrees sale of steel manufacturing side

By David Owen in Toronto

RIO ALGOM, the diversified Canadian mining company controlled by Britain's RTZ, has agreed to sell its steel manufacturing operations to the Sammi Group of South Korea.

Final terms of the deal for Canada's leading maker of stainless and specialty steels are under negotiation. Analysts estimate that the operations concerned have a combined book value of about C$225m (US$189m).

The move, which may presage an acquisition later in the year, is part of the company's plan to concentrate on its core mining businesses.

Toronto-based Rio is a key producer of uranium, tin and copper. Its Saskatchewan potash operations are expected to reopen this summer after a prolonged closure due to flooding.

The plants involved in the current transaction are Atlas Stainless Steels of Tracy, Quebec, Atlas Specialty Steels of Welland, Ontario and Al Tech Specialty Steel of Dunkirk, New York.

The specialty steel division accounted for about 26 per cent of Rio's 1987 sales of C$1.5bn. However, over the same period it contributed only about 10 per cent of the group's overall operating profit of C$165.5m.

Sammi, whose interests range from steel to fine ceramics, has indicated it intends to preserve current management and staff at the plants. Expansion and modernisation proposals are under consideration.

● John Labatt, the brewing and food products arm of Brascan Ltd, has sold its Catelli pasta subsidiary to local subsidiaries of Borden, the US dairy products concern, and Campbell Soup, for between C$250m and C$300m, Robert Gibbens reports from Montreal.

Campbell is buying two Catelli plants in Quebec while Borden is buying six other Catelli plants in Quebec, Ontario and Alberta.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988/89	Low 1988/89
Gold per troy oz.	$393.00	-0.25	$443	$485.5	$380.25
Silver Per troy oz	352.20p	+1.75	346.25	457.75p	327.45p
Aluminium 99.7% (cash)	$1961.5	-106.0	$2645	$4205	$1915
Copper Grade A (cash)	£1877.5	-86.0	£1290	£2004	£1129.5
Lead(cash)	£338	-1	£350.5	£408	£328
Nickel (cash)	$17200	-450	£15400	$22200	£4022.5
Zinc (cash)	$1872.5	-207.5	£642.5	$2107.5	$650
Tin (cash)	£5242.5	-47.5	£3785	£5290	£3625
Cocoa Futures (May)	£850	-3	£923	£1182	£722
Coffee Futures (May)	£1150	-34	£1139	£1317	£922
Sugar (LDP Raw)	$303.4	+7.8	$229.6	$393	$213.6
Barley Futures (May)	£111.40	-0.75	£103.4	£113.45	£97.25
Wheat Futures (May)	£117.95	+0.90	£103.9	£118.05	£103.35
Cotton Outlook A Index	66.30c	+1.05	66.65c	75.3c	54.9c
Wool (64S Super)	645p		570p	710p	484p
Rubber (Spot)	58.0p	+1.5	62.5p	88p	51p
Oil (Brent Blend)	$18.8	+1.8	$14.92	$18.8	$11.25

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents lb

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.85-5.90z	+0.10
Brent Blend	$18.75-8.85q	+0.30
W.T.I. (1 pm est)	$20.15-0.20q	+0.30
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$207-209	+3
Gas Oil	$152-153	+2
Heavy Fuel Oil	$87-89	+1
Naphtha	$176-178	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$393.00	+4.75
Silver (per troy oz)♣	614c	+11
Platinum (per troy oz)	$543.85	+11.0
Palladium (per troy oz)	$145.00	+1.65
Aluminium (free market)	$2010	+30
Copper (US Producer)	147⅝-49¼c	-3⅞
Lead (US Producer)	37.5c	
Nickel (free market)	765c	+10
Tin (European free market)	£5242.5	+30.0
Tin (Kuala Lumpur market)	24.37r	-0.06
Tin (New York)	411c	
Zinc (US Prime Western)	95⅞c	
Cattle (live weight)†	109.13p	+0.74*
Sheep (dead weight)†	189.38p	+15.8*
Pigs (live weight)†	01.76p	+0.31*
London daily sugar (raw)	$303.4u	+8.0
London daily sugar (white)	$331.5u	+5.0
Tate and Lyle export price	£288.0	+5.5
Barley (English feed)	£117q	
Maize (US No. 3 yellow)	£131	
Wheat (US Dark Northern)	£129.25v	
Rubber (spot)♥	58.00p	-1.25
Rubber (Apr) ♥	58.00p	-1.25
Rubber (May) ♥	58.50p	-1.25
Rubber (KL RSS No 1 Apr)	301m	
Coconut oil (Philippines)§	$562.5v	
Palm Oil (Malaysian)§	$405w	
Copra (Philippines)§	$355	
Soyabeans (US)	$202q	+1
Cotton "A" index	66.30c	+0.45
Wooltops (64s Super)	645p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/May. u-Mar/Apr. q-Apr. x-May/Jun. w-Apr/Jun. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	843	850	854 843
May	850	857	864 847
Jul	862	860	865 853
Sep	865	865	870 854
Dec	887	892	895 880
Mar	865	874	875 862
May	862	871	874 862

Turnover:3529 (3404) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Mar 16:1104.11 (1095.42).10 day average for Mar 17:1093.15 (1090.16).

COFFEE £/tonne

	Close	Previous	High/Low
Mar	1175	1175	1172 1162
May	1150	1152	1156 1143
Jly	1105	1109	1113 1100
Sep	1089	1097	1100 1089
Nov	1087	1085	1085 1085
Jan	1088	1088	1087 1085

Turnover:3101 (4359) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Mar 15: Comp. daily 119.74 (119.27); 15 day average 118.56 (110.30).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
May	273.00	280.40	282.00 273.20
Aug	274.00	280.00	279.00 274.00
Oct	271.00	274.80	275.20 270.80
Dec	266.00	274.00	270.00
Mar	264.00	263.00	261.00
White	**Close**	**Previous**	**High/Low**
May	324.50	329.00	329.00 324.50
Aug	330.00	335.00	334.50 329.00
Oct	319.00	324.00	323.00 319.00
Dec	311.00	317.00	
Mar	303.00	306.00	306.50 305.50

Turnover: Raw 4363 (4651)lots of 50 tonnes. White 492 (977).

Paris- White (FFr per tonne): May 2070, Aug 2095, Oct 2015, Dec 1980, Mar 1945, May 1925.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
1950	90	93	52	109
2050	45	62	105	188
2150	19	36	178	240
Copper (Grade A)	**Calls**		**Puts**	
2900	217	169	59	188
3100	107	97	147	310
3300	45	52	281	450

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						*Ring turnover 67,050 tonne*
Cash	1960-3	1980-2000		2015-20		
3 months	1960-5	1980-5	2015/1950	2010-2	1968-75	29,133 lots
Copper, Grade A (£ per tonne)						Ring turnover 34,150 tonne
Cash	1875-80	1858-60	1900	1899-901		
3 months	1749-51	1740-2	1772/1740	1771-2	1761-2	67,270 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	610-3	603-5		601-4		
3 months	623-6	618-20		615-8		347 lots
Lead (£ per tonne)						*Ring turnover 5,100 tonne*
Cash	337-8	337-8		341-2		
3 months	347-8	347-8	350/347	349-9.5	347.5-8	9,005 lots
Nickel ($ per tonne)						Ring turnover 2,130 tonne
Cash	17100-300	17100-200	17500/17200	17400-500		
3 months	16600-1	16600-50	16900/16460	16700-800	16450-500	6,606 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 15,000 tonne
Cash	1890-900	1945-50	1950	1946-8		
3 months	1850-5	1885-90	1900/1852	1895-900	1850-5	8,701 lots
Zinc ($ per tonne)						*Ring turnover 19,625 tonne*
Cash	1870-5	1920-5		1930-5		
3 months	1807-10	1845-8	1875/1808	1855-7	1815-20	11,892 lots

POTATOES £/tonne

	Close	Previous	High/Low
Apr	67.2	68.0	67.1 66.5
May	86.0	87.9	88.0 87.1
Nov	88.0	89.0	89.0
Feb	101.0	101.0	
Apr	129.8	129.8	129.8 128.5

Turnover 130 (195) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	165.50	165.50	
Jun	157.50	155.00	156.00 155.50
Aug	154.00	151.50	150.50

Turnover 74 (20) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Mar	1650	1658	1658 1649
Apr	1646	1658	1660 1630
Jul	1398	1414	1414 1390
Oct	1010	1520	1310 1495
Jan	1540	1545	1540 1530
Apr	1590	1595	1590 1575
BFI	1645	1647	

Turnover 715 (338)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	115.75	116.00	116.00 115.75
May	117.95	118.15	118.95 117.80
Jun	119.90	120.00	120.00 119.80
Sep	103.50	103.45	103.50
Nov	105.85	105.80	105.85
Jan	108.85	108.75	108.85
Mar	111.75	111.75	111.75
Barley	**Close**	**Previous**	**High/Low**
Mar	110.30	110.65	110.40 110.30
May	111.40	110.55	111.60 110.50
Sep	100.70	100.75	100.75

Turnover: Wheat 159 (308) , Barley 0 (53) . Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	392¼-393¼	229¼-229¾
Opening	389-389½	226-226½
Morning fix	389.25	226.4
Afternoon fix	394.3	229.779
Day's high	394-394½	
Day's low	389-389½	

Coins	$ price	£ equivalent
Mapleleaf	404½-409½	236-239
Britannia	404½-409½	236-239
US Eagle	404½-409½	236-239
Angel	404½-409½	236-239
Krugerrand	391½-394½	228½-230½
New Sov.	92½-93½	54-54½
Old Sov.	92½-93½	54-54½
Noble Plat	545.8-555.05	317.65-323

Silver fix	p/fine oz	US cts equiv
Spot	352.20	605.25
3 months	363.60	620.65
6 months	374.90	636.80
12 months	396.45	669.05

CRUDE OIL $/barrel

	Close	Previous	High/Low
May	17.91	17.67	17.93 17.73
Jun	17.44	17.23	17.43 17.27
Jul	17.03	16.89	17.00 16.89
IPE index	17.65	17.68	

Turnover: 5801 (5303)

GAS OIL $/tonne

	Close	Previous	High/Low
Apr	150.25	149.00	150.50 149.00
May	148.25	147.00	148.75 147.50
Jun	147.00	145.75	147.50 146.00
Jul	147.00	146.75	147.25 146.00
Aug	148.00	147.75	148.00 147.50
Sep	150.50	150.00	149.00
Oct	151.75	151.50	
Nov	152.00	152.00	151.00 150.50
Dec	153.00	153.00	152.00

Turnover 6051 (6265) lots of 100 tonnes

US MARKETS

AN UNEXPECTED surge in the February API reawakened inflationary concerns sparking rallies in all of the metals, reports Drexel Burnham Lambert. Gold finished up over 300 dollars higher while silver gained 6 cents. Copper futures advanced 330 basis May as some price consolidation was seen. In the softs, mixed trade activity was featured in the cocoa market before prices closed nearly unchanged. Sugar futures fell on mostly local selling along with light stops adding some weakness. Weekend profit taking eased the recent rally in the coffee market. In livestock futures, Thursdays bearish cattle on feed report prompted selling in the cattle market. Live hogs were also down on lower cash prices and some spillover from cattle. Pork bellies closed almost unchanged in light volume. The energy futures continued upward on steady buying from trade and local players. Volume was again very heavy. Cotton futures gained on good speculative buying. Increased switch activity was seen throughout the day. The grain markets ended the week mixed with soybeans and wheat futures having the most active sessions.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	393.6	389.8	393.0	393.0
Apr	395.0	391.3	397.0	391.2
May	397.4	393.7	0	0
Jun	398.9	396.1	402.0	395.0
Aug	405.5	401.6	407.2	401.0
Oct	411.5	407.5	412.0	412.0
Dec	417.8	413.5	419.5	413.1
Feb	423.8	419.6	424.5	418.5
Apr	429.5	425.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)			
Mar 16	Mar 15	mnth ago	yr ago
2001.2	2007.3	1882.4	1757.3

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	127.84	128.44	135.00	129.44
Futures	141.07	141.36	137.37	132.44

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	142.00	[illegible]	[illegible]	[illegible]
Apr	139.40	[illegible]	[illegible]	[illegible]
May	136.90	[illegible]	[illegible]	[illegible]
Jul	129.80	[illegible]	[illegible]	[illegible]
Sep	123.60	[illegible]	[illegible]	[illegible]
Dec	118.10	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	20.25	[illegible]	[illegible]	[illegible]
May	19.46	[illegible]	[illegible]	[illegible]
Jun	18.94	[illegible]	[illegible]	[illegible]
Jul	18.55	[illegible]	[illegible]	[illegible]
Aug	18.22	[illegible]	[illegible]	[illegible]
Sep	17.95	[illegible]	[illegible]	[illegible]
Oct	17.72	[illegible]	[illegible]	[illegible]
Nov	17.51	[illegible]	[illegible]	[illegible]
Dec	17.40	[illegible]	[illegible]	[illegible]
Jan	17.22	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5385	[illegible]	[illegible]	[illegible]
May	0150	[illegible]	[illegible]	[illegible]
Jun	4966	[illegible]	[illegible]	[illegible]
Jul	4890	[illegible]	[illegible]	[illegible]
Aug	4913	[illegible]	[illegible]	[illegible]
Sep	4960	[illegible]	[illegible]	[illegible]
Oct	5020	[illegible]	[illegible]	[illegible]
Nov	5080	[illegible]	[illegible]	[illegible]
Dec	3135	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1466	[illegible]	[illegible]	[illegible]
Jul	1391	[illegible]	[illegible]	[illegible]
Sep	1371	[illegible]	[illegible]	[illegible]
Dec	1371	[illegible]	[illegible]	[illegible]
Mar	1380	[illegible]	[illegible]	[illegible]
May	1355	[illegible]	[illegible]	[illegible]
Jul	1391	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	137.25	[illegible]	[illegible]	[illegible]
May	133.51	[illegible]	[illegible]	[illegible]
Jul	127.72	[illegible]	[illegible]	[illegible]
Sep	128.01	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low	
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

INTL. COMPANIES

Marriott plans to treble luxury hotels in Europe

By David Churchill, Leisure Industries Correspondent

MARRIOTT HOTELS, the US-owned hotel chain, is planning to treble the number of luxury hotels it has in Europe by the mid-1990s as a result of the liberalisation of European frontiers after 1992.

At present, Marriott has about six hotels in key European cities, but plans to open at least 13 more by 1994 under a five-year expansion plan.

One of the first new Marriott hotels, in Warsaw, is due to open later this year. Others cities targeted include Munich, with a hotel planned for 1990.

Mr Todd Clist, executive vice president, said the company was keen to acquire more properties in Europe. However, he declined to give details of the likely investment needed since some hotels would only be managed while others would be bought outright.

He said: "We realise that we must become a global hotel chain and clearly Europe, as a unified market, is among the most important targets for long-term development in that plan."

Marriott believes a Europe without fiscal barriers after 1992 "represents a bigger opportunity than the US did for us 20 years ago."

Mr Clist pointed out that the UK and German travel markets were worth more than $35bn a year in terms of expenditure by travellers, compared with just over $30bn spent in the US.

"Growth in spending is running at over 30 per cent a year for the Germans and British, compared with just 13 per cent for US travellers," he added.

"Much of this comes from intra-European travel, and the clear indications are that this will increase from 1992 onwards."

Marriott's priority in Europe is for top-class hotels in city centres. But it is also planning to develop hotels on the edge of key cities or close to international airports.

It is also likely to expand its Garden Court budget hotels into the UK and continental Europe in the early 1990s.

Apart from Europe, Marriott is planning further expansion into the Pacific Rim countries, with hotels under construction in Bangkok, Seoul and Tai Pei.

International consortium to buy Sports Products

By Stefan Wagstyl in Tokyo

A CONSORTIUM of Japanese companies and US investors have joined forces to buy Sports Products Group, a sports equipment company with interests including Head skis and Mares diving equipment.

Under the terms of the $160m deal, the Japanese side may eventually buy their American partners out. In the meantime, the investment risk is spread in a way which appeals to the cautious instincts of Japanese companies.

Sports Products was put up for sale by Minstar, a US investment company headed by Mr Irwin Jacobs, an American corporate raider.

The biggest stake in the purchasers' consortium has been taken by Freeman Spogli, a Los Angeles-based investment company, with 49 per cent. Managers at Sports Product have taken 15 per cent and two other individual investors 6 per cent.

The remainder has been acquired by Nissho Iwai, one of Japan's big trading corporations, which has 15.1 per cent, Komatsu, the heavy machinery maker with 11.1 per cent and J Osawa, a trading company affiliated to Seibu Saison, the retailer, with 3.8 per cent.

If the American partners, who are described as "financial investors" in the deal, want to sell, the Japanese side has the right of first refusal.

Sports Products had sales of $260m in 1987. Its largest factory, making Head skis, is in Austria while Mares diving equipment is made in Italy. The group also produces ski-bindings and tennis rackets.

NCSC clarifies scope of inquiry into Bond Corp

By Bruce Jacques

AUSTRALIA'S National Companies and Securities Commission (NCSC) has moved to clarify the status of its "inquiry" into the 1988 accounts of Bond Corporation Holdings, the diversified beer and media company controlled by Mr Alan Bond.

Mr Henry Bosch, NCSC chairman, indicated yesterday the commission was not conducting a general inquiry into the Bond accounts, but merely pursuing certain transactions. These included last year's sale of the Sydney Hilton hotel and a property in Rome.

Micron doubles interim sales and earnings

By Louise Kehoe in San Francisco

MICRON Technology, the US memory chip manufacturer, more than doubled its sales and earnings for the first half of fiscal 1989 as demand for dynamic random access memory (Dram) chips, its leading product, continues to outstrip worldwide supply.

Net income was $29.2m and earnings per share 77 cents on revenues of $113.8m. In the second quarter last year the company had revenues of $58.5m, net income of $16.9m and earnings per share of 60 cents.

Ariadne Australia cuts losses sharply

By Bruce Jacques in Sydney

ARIADNE Australia, the troubled property and investment company formerly controlled by Mr Bruce Judge, the New Zealand entrepreneur, has sharply reduced losses following a big asset sale programme in the first half of 1988/89.

The company, now virtually controlled by Mr Malcolm Edwards' Essington group, reduced its trading loss from A$508.3m to A$34.5m (US$28.3m) in the period.

The latest results show the extent of the company's reduction in size since recording Australia's largest-ever annual loss of A$640m in the year ended June — one of the worst victims of the 1987 share crash.

Sales were down from A$996.5m to A$329.9m in the latest half, reflecting A$690m of asset sales. The company sold its Sanctuary Cove tourist complex in Queensland to the Japanese-based EIE group for A$341m and its Repco car parts operation to Pacific Dunlop for A$315m.

This reduced Ariadne's debt from A$964m to A$334m and also allowed the company to book a A$57.7m gain for the half, producing a bottom-line profit of A$23.2m.

Mr Edwards said the bulk of the debt reductions were effected late in the period and the benefit of reduced interest costs would be felt in ongoing periods. He indicated further disposals were planned.

"The company has negotiated an extension of the moratorium with its bankers which has been in place since November, 1987," he said. "Further attention will continue to be given to a refinancing of the group's total commitments."

Mr Edwards said the refinancing was expected to be completed in the current financial year. It would provide a stable environment for the development of the group's existing operations and for further growth.

Following the asset sales, Ariadne's sole remaining major operating division is tha Wreckair plant hire business, which Mr Edwards said had operated "slightly below budget" in the half.

Other assets include a 57 per cent interest in Hong-based Impala Pacific, which in turn holds a majority stake in a Californian real estate company and minority investments in communications and research companies in the US, and Euro-National Corporation, a New Zealand-based bank.

● Shares in Chase Corporation, the diversified New Zealand property group, fell close to their lowest point for the year on Australian stock exchanges yesterday as investors grew more nervous about a capital injection which the company is rumoured to be arranging.

Shares fell 8 cents to 30 cents, compared with a peak of A$6.60 prior to the 1987 stock market crash. Chase is due to announce its first-half results next week and most analysts suggest the company is not covering its large interest obligations.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rise continues

AT LEAST 11 central banks intervened in currency markets yesterday in an attempt to control the dollar's rise. A sharper than expected increase in US producer prices in February provided the catalyst, prompting investors to make further dollar purchases on the prospect of higher US interest rates.

The PPI figure rose by 1.0 per cent, the same as in January but double most expectations. Market reaction was swift: Eurodollar rates moved up a quarter of a point to 10¼ per cent in the three-months period, while the overnight Federal funds rate rose to 9⅞ per cent from 9¾ per cent.

The dollar moved up to DM1.8770 against the D-Mark, and it was around this level that most central banks were active. The US unit dipped to DM1.8730 soon after, but it came back to test DM1.8770. However, many investors were becoming a little wary as the weekend approached, and the dollar finished a little below its best, but still well up from the close on Thursday. On Bank of England figures, the dollar's exchange rate index rose from 68.1 to 68.3.

The US unit finished at DM1.8760 from DM1.8715 and Y131.60 compared with Y131.20. Elsewhere, it rose to SFr1.6165 from SFr1.6110 and FFr6.3525 from FFr6.3375.

The PPI figures provide further evidence that the inflationary feed through normally associated with an expanding economy has yet to reach its peak. Many traders now believe that the Fed will face mounting pressure to tighten monetary policy. This could provide all the ingredients to start an interest rate spiral. The West German Bundesbank is unlikely to condone a further weakening in the D-Mark, and higher rates in Frankfurt would ripple through the rest of the EMS.

Sterling lost ground against the stronger dollar but was virtually unchanged elsewhere. Its exchange rate index closed at 96.3, unchanged from the opening but down from 96.4 on Thursday.

A rise in domestic interbank rates on the US figures helped to provide the pound with some underlying support. In addition, investors continue to show their support for the Government's strong anti-inflationary stance, and the chances of UK rates staying at current levels - or higher - for some time to come.

The pound fell to $1.7135 from $1.7180 but was unchanged against the D-Mark at DM3.2150. It was also unchanged against the yen at Y225.50. Elsewhere, it finished at SFr2.7700 from SFr2.7675 and FFr10.8850 compared with FFr10.8875.

£ IN NEW YORK

Mar.17	Latest	Previous Close
£ Spot	1.7165 - 1.7175	1.7200 - 1.7210
1 month	0.48-0.47pm	0.42-0.40pm
3 months	1.39-1.36pm	1.15-1.12pm
12 months	3.72-3.65pm	3.02-2.92pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.17	Previous
[illegible]	[illegible]	[illegible]

POUND SPOT- FORWARD AGAINST THE POUND

Mar.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7110 - 1.7200	1.7130 - 1.7140	0.40-0.36cpm	2.66	1.07-1.03pm	2.45
Canada	2.0490 - 2.0545	2.0510 - 2.0520	0.24-0.12cpm	1.05	0.42-0.26pm	0.66
Netherlands	3.61¾ - 3.63	3.62 - 3.63	2-1⅞cpm	6.41	5⅞-5¼pm	5.93
Belgium	67.10 - 67.30	67.20 - 67.30	31-25cpm	5.00	83-76pm	4.73
Denmark	12.50¼ - 12.55½	12.52½ - 12.53½	5⅞-5orepm	3.03	14⅝-13⅞pm	4.55
Ireland	1.2005 - 1.2065	1.2030 - 1.2040	0.55-0.50cpm	5.23	1.45-1.35pm	4.65
W. Germany	3.20¾ - 3.22	3.21¼ - 3.21¼	1⅞-1¾pfpm	6.77	5¼-5pm	6.30
Portugal	263.00 - 264.95	263.50 - 264.50	27-10cpm	0.84	50-39pm	0.67
Spain	199.60 - 200.50	200.00 - 200.30	28-17cpm	1.36	48-32pm	0.80
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

[illegible]	[illegible]	[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FORWARD RATES AGAINST STERLING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

Firmer tone

UK INTEREST rates edged nervously firmer in London yesterday following news of a sharp rise in US producer prices. The key three-month interbank rate rose to 13⅛-13⅙ per cent from 13-12⅞ per cent while the one-year rate was quoted at 13⅛-13 per cent from 12⅞-12⅞ per cent.

The Bank of England forecast a shortage of around £850m. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £761m. A rise in the note circulation took out a further £425m.

An early round of assistance was offered by the Bank, but discount houses did not make use of the facility. The forecast was revised to a shortage of around £900m, and the Bank gave assistance in the morning of £76m through outright purchases of £42m of eligible bank bills in band 1, £30m in band 2 and £4m in band 4. Further help in the afternoon came to £365m, and comprised outright purchases of £62m of eligible bank bills in band 1, £38m in band 2, £15m in band 3 and £250m in band 4, all at unchanged rates.

UK clearing bank base lending rate 13 per cent from November 25

FT LONDON INTERBANK FIXING

[illegible]	[illegible]	[illegible]

MONEY RATES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE LONG GILT FUTURES OPTIONS / LIFFE US TREASURY BOND FUTURES OPTIONS / LIFFE FT-SE INDEX FUTURES OPTIONS / LIFFE £/$ OPTIONS / LIFFE EURODOLLAR OPTIONS / LIFFE SHORT STERLING / PHILADELPHIA SE £/$ OPTIONS / LONDON SE £/$ OPTIONS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

LONDON TRADED OPTIONS

THE LONDON Traded Options market yesterday saw a carriage of business from the back of its 56,019 contracts, made up of 35,648 calls and 20,371 puts.

The most remarkable thing was the reaction of world money markets to the producer prices figures published in the US. Analysts interpreted this as suggesting a rise in US interest rates, a fall in sterling on the foreign exchanges and therefore a rise in UK interest rates.

There was a plunge in equity prices on Wall Street. In London the FT-SE 100 index lost 38.5 points on the day to 2,073.1. Activity in the market at large was governed by the approach to the Stock Exchange account system. This led trading in futures on the index to switch more towards June, and away from the March settlement.

British Petroleum was again the most heavily traded individual stock, on 5,813 contracts, of which 5,635 were call contracts and only 385 put. There was 1,969 contracts traded in the April 280 calls alone.

Lonrho caught a lot of the eye, on strong turnover of 3,590 contracts — weighted towards the put side, although the underlying share price showed a gain of 3p to 337p. The series most heavily traded was the June 330 put, which attracted 1,385 contracts.

Allied Lyons found a good deal more call contracts than put — 2,022 on the one side and 466 on the put. There was particular activity reported in the April call series.

Option	CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WORLD STOCK MARKETS

NEW YORK (3 pm)

[illegible]

CANADA (3 pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

JAPAN

[illegible]

INDICES

NEW YORK — DOW JONES

	Mar 16	Mar 15	Mar 14	Mar 13	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
♦Industrials	2340.71	2320.54	2306.25	2306.25	2347.14 (7/2/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	80.14	88.84	87.95	87.97	91.25 (3/3/88)	86.12 (4/1/88)	–	–
Transport	1065.82	1061.29	1058.70	1060.96	1087.97 (7/2/89)	737.57 (21/1/88)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	184.98	183.38	182.91	182.91	191.15 (24/1/89)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2351.07 (2332.86) Low 2315.36 (2300.71)

STANDARD AND POOR'S	Mar 16	Mar 15	Mar 14	Mar 13	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite‡	299.44	296.67	295.14	295.32	299.63 (7/2/89)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	346.01	342.97	340.95	341.21	346.41 (7/2/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	27.49	27.03	26.94	26.90	27.49 (16/3/89)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	168.10	166.67	165.93	166.00	168.10 (16/3/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	332.52	331.79	330.53	330.54	332.52 (16/3/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	409.51	406.98	406.01	406.56	409.51 (16/3/89)	331.97 (12/1/88)	456.28 (26/8/87)	54.87 (31/10/72)

	Mar 10	Mar 3	Feb 24	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.70	3.75	3.38

	Mar 15	Mar 8	Mar 1	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.23	2.94
S & P Indl. P/E ratio	13.17	13.04	12.68	15.36

TRADING ACTIVITY — † Volume

Millions	Mar 16	Mar 15	Mar 14
New York	196.040	167.070	199.970
Amex	14.306	12.724	12.834
OTC	150.680	141.230	137.610

NEW YORK	Mar 16	Mar 15	Mar 14
Issues Traded	1,940	1,924	1,946
Rises	921	787	670
Falls	510	596	722
Unchanged	509	541	554
New Highs	127	77	57
New Lows	17	22	25

CANADA

TORONTO	Mar 16	Mar 15	Mar 14	Mar 13	1988/89 High	1988/89 Low
Metals & Minerals	3428.6	3394.1	3418.4	3466.1	3564.9 (6/2/89)	2238.7 (8/2/88)
Composite	3651.7	3622.2	3624.8	3637.1	3696.1 (8/2/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1821.72	1801.20	1797.43	1804.36	1850.44 (8/2/89)	1305.06 (27/1/88)

WORLD

	Mar. 17	Mar. 16	Mar. 15	Mar. 14	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1496.3	1497.6	1491.1	1493.4	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	691.6	695.7	693.5	691.6	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	265.92	262.12	260.14	260.33	265.92 (17/3/89)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/80)	5734.11	5710.36	5699.61	5699.67	5834.01 (10/2/89)	3608.35 (4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	288.00	286.90	284.90	283.70	291.83 (10/2/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	791.7	791.0	791.6	791.7	791.7 (14/3/89)	530.6 (15/1/88)
FRANCE						
CAC General (31/12/82)	446.5	444.0	441.0	440.8	457.1 (3/2/89)	251.3 (29/1/88)
Ind. Tendance (30/12/88)	103.6	104.0	103.5	102.5	108.1 (3/2/89)	97.5 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	557.52	557.02	560.41	558.76	569.27 (8/2/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1660.2	1657.4	1667.70	1664.20	1705.6 (5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1322.69	1323.64	1334.75	1329.50	1371.10 (5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	3136.94	3150.85	3095.91	3034.79	3209.96 (9/2/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	598.73	596.18	584.12	578.10	615.89 (17/1/89)	423.91 (9/2/88)
JAPAN						
Nikkei (16/5/49)	32021.01	32098.24	32100.48	31724.3	32452.49 (25/2/89)	21217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2419.59	2432.69	2432.77	2407.52	2490.07 (8/2/89)	1690.44 (4/1/88)
NETHERLANDS						
CBS Tll Rtn.Gen. (End 1983)	225.5	229.5	227.8	226.0	229.5† (16/3/89)	208.3† (3/1/89)
CBS All Shr (End 1983)	180.4	183.6	182.2	180.8	183.6† (16/3/89)	166.7† (1/3/89)
NORWAY						
Oslo SE (2/1/83)	586.16	589.65	585.70	581.45	590.14 (7/3/89)	327.70 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1187.53	1185.79	1179.91	1166.97	1187.53 (17/3/89)	833.60 (4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1590.0	1597.0	1616.0	1591.0	1616.0 (15/3/89)	1154.0 (4/5/88)
JSE Industrial (28/9/78)	2426.0	2346.0	2325.0	2319.0	2426.8 (17/3/89)	1387.8 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	279.10	279.70	280.11	280.71	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	3883.3	3854.8	3869.50	3889.90	3889.90 (14/3/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	654.2	654.7	650.0	647.4	654.7 (16/3/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	507.6	506.9	505.9	519.0 (19/2/89)	401.0 (21/1/88)

♦ Subject to official recalculation. † 1989 High & Low.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
J P Morgan	7,669,400	37¾	+ 1½
Hospital Corp	7,431,500	49⅞	+ ¼
AT&T	3,986,700	32⅛	+ ¼
Citicorp	3,423,800	28⅛	+ 1⅛
TW Services	2,442,800	31¼	+ 2⅛
Texaco	2,384,400	53⅜	+ ⅛
IBM	2,266,900	118⅛	+ 1⅛
Pacificorp	2,156,300	34⅜	+ ⅛
Exxon	2,112,600	46⅛	+ ⅜
Amax	1,872,700	25	+ ⅜

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

هكذا اصل الأصل

WORLD STOCK MARKETS

AMERICA

Dow languishes at lower levels after initial plunge

Wall Street

APPARENTLY disastrous statistics on producer prices sent US financial markets into a tailspin yesterday, but shares found strong buying support after their initial fall, *writes Anatole Kaletsky in New York.*

The news that producer prices rose in February by 1.0 per cent for the second month running, which translated into an annualised wholesale inflation rate of 12.6 per cent since the beginning of the year, pushed bond prices down 1¾ points even before the start of stock market trading.

The bond market collapse forced drastic mark-downs in equity prices immediately after the opening bell and the Dow Jones Industrial Average fell more than 40 points within the first few minutes of trading. But prices quickly stabilised in very active dealing between 2,280 and 2,300 on the Dow, as bargain hunters came into the market in significant numbers.

At 2pm the Dow stood at 2,285.57, down 47.14. Volume was heavy, with 160m shares changing hands by lunchtime. Losses overwhelmed gains by seven to one. Volume was exaggerated by technical and *programme trading* connected with the simultaneous expiry of stock options, index futures and index options – the so-called "triple witching hour," which now occurs at both the opening and the close of trading on the third Friday of every third month.

Bond prices remained under greater pressure than equities as the Treasury's long bond extended its losses to two full points by mid-morning. At lunchtime, the bond stood 1⅞ down at 95⅞, at which it yielded 9.31 per cent. This was the highest yield on the 30-year bond since August last year.

Money market rates did not move up, however, as the Federal Reserve gave no signals of further tightening. In fact, the Fed arranged customer repurchases at mid-morning, suggesting to many analysts that the authorities did not intend to tighten policy any more for the present. Another factor which may have helped to mitigate the bond market's losses was the strength of the dollar, which rose to Y131.65 and DM1.8760, despite concerted intervention by the Fed and European central banks.

Only the gold stocks were excluded from the market-wide retreat. Blue chips fared especially badly, with IBM down $2 at $116⅝ and AT&T, the morning's most active issue, declining $⅞ to $31⅞. General Electric suffered one of the biggest losses among the blue chips in percentage terms, falling $1⅞ to $45⅛.

Even the energy stocks fell victim to the bearish sentiment, despite the continuing rise in oil prices. Exxon fell $1⅛ to $45 and Mobil declined $⅞ to $50⅞, while Schlumberger, down $⅞ at $37⅞, led the retreat by oil service companies.

Precious metals showed some improvement in response to the news of higher inflation.

Canada

FEARS OF a rise in US inflation left Toronto stocks sharply lower, in line with their US counterparts. Gold stocks, a traditional inflation hedge, were in demand.

The composite index fell 33.2 points to 3,618.5 in moderate trade.

SOUTH AFRICA

THE SURGE by industrial stocks in Johannesburg continued, while gold issues slipped further. The Industrial index was at another new high, up 60 at 2,426. Barlow Rand rose 70 cents to R37.20.

Clue to inertia may be hidden in the charts

Hilary de Boerr on the significance of shoulders and uplegs for Frankfurt and Paris

BRACE *yourself for a fond farewell to fundamentals. No more interest rates and inflation, corporate news or speculation.* Welcome instead to the wonderful world of charts.

Here a picture tells a thousand words – many of them *colourful. There are rounded* tops and bottoms, bull and bear legs, heads and shoulders. There is resistance and support, trending and deviation. And the scene is not complete without a few moving averages – be they of the 200, 50 or 20-day sort.

This journalistic diversion from fundamentals focuses on France and Germany, following several weeks in which the two European bourses have been stuck in a narrow trading range – leaving country analysts searching for reasons for their market's inactivity.

France has fallen by 0.5 per cent since February began, compared with January's 8 per cent jump. Germany has meanwhile moved up only 1.4 per cent since the start of the year, having climbed by 4.5 per cent last December. The charts indicate that even further floppiness lies ahead in the short term.

Proportionately few investors base their investment decisions solely on a reading of wiggly lines. But technical analysts claim their method can help to discover market trends, assess the relative strengths of stock markets and individual shares, and send buy or sell signals when indices reach lower and upper levels.

Barclays da Zoete Wedd *defines three main principles* on which technical analysis is based: the latest information concerning a stock is reflected in the current price, and that price reflects the imbalance between buyers and sellers; stock prices follow trends or specific patterns; such trends or patterns repeat themselves over time.

The present trend in both France and Germany is one of consolidation. The questions are which trend or pattern they will next choose, after what period of time and where they will stick in the meantime.

Germany is at the moment the more favoured of the two stock markets in terms of upward potential on the charts. Its FAZ index closed yesterday at 557.52, still 26 per cent off its all-time high of 753.88 reached in April 1986. France, meanwhile, is hovering near its peak of 460.40, reached in March 1987, with the CAC closing yesterday at 448.50. France has jumped by 50 per cent over the past year, Germany by just 19 per cent.

The German bourse is thus relatively cheap, says Mr Martin Jones, chartist at BNP Securities, formerly Ark Securities. He describes the market as being in "an upleg within its post-crash uptrend."

At Phillips & Drew, Miss Amanda Sells believes the FAZ index will move between 535 and 580 in the next few months, with a short-term trading range of 550 to 570. She says the current consolidation is characterised by decreasing momentum in the index, which has fallen below its nine-month trend line. "This suggests the market will remain soggy in the short to medium term."

However, an end to the current bull phase would be signalled only by a downward break through 517 on the FAZ, she says.

Mr Pradip Mishra at BZW believes the technical signs indicate that Frankfurt could continue in its current "non-trending" fashion – pursuing neither an obvious up or down pattern – until the autumn. His narrow trading range extends from 550-560, with a second cluster of resistance at 570 on the FAZ index.

For Mr Teddy Clarke, at Baring Securities, Germany offers the greatest interest of all European stock markets apart from the UK – the latter having lagged Europe by an even greater amount than Frankfurt. He expects the FAZ to break the 565 resistance level in the next three months, pushed higher by such stocks as Lufthansa, Karstadt, RWE and Mercedes Holdings.

Neighbouring France finds chartists somewhat more divided in the degree of their bullishness.

Barings' reading of the lines is that the CAC index will stick in the short term to a trading range of 435 to 445. Mr Clarke says: "The reaction back to 421 during February has caused this market to becoma oversold." He can nevertheless find only six French shares with good technical potential for gains of 20 per cent or more.

Miss Sells at Phillips & Drew sees a range of 420 to 460 on the CAC in the next few weeks. Frustrated attempts to break through the resistance level at 460 have created what she calls a small head and shoulders pattern – in which there are three rounded humps, the middle one bigger than the two on each side.

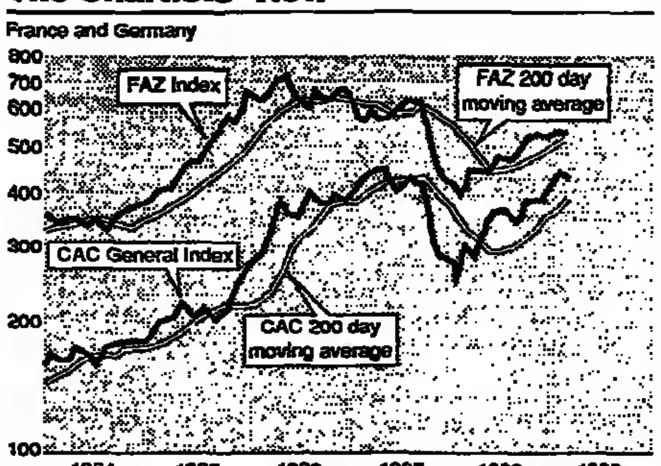
James Capel is rather less enthusiastic short-term, suggesting investors wait for clear signs that the CAC is passing its previous peak. "The reaction from the old high has the potential for largish correction . . . We would be inclined to wait for the break-out, or for a set-back towards the main support at 390."

Capel's caution is conditioned by the fact that, at present, investors are likely to keep their positions for the short term only. Many French stocks are also themselves at potential resistance levels. Capel advises that waiting for a new break-out may mean missing part of the rally, "but it is a much safer place to buy than at current levels."

Patience is thus apparently the chart-watcher's virtue when it comes to both Paris and Frankfurt. For the impatient, Mr Richard Lake, at Swiss Bank Corporation Stockbroking, suggests looking further afield. He feels all of Europe is looking tired, with the rare exceptions of Sweden and Finland: "1988 was the year for Europe and 1989 will be for America and the UK."

The Chartists' view

France and Germany



ASIA PACIFIC

Nikkei declines as oil price fears kill enthusiasm

Tokyo

AN EARLY burst of enthusiasm again fizzled out as concern over rising oil prices sent equities moderately lower, *writes Michiyo Nakamoto in Tokyo.*

Encouraged by Wall Street's overnight gains, shares started the day on a buoyant note, rising more than 150 points in early trading. However, they failed to sustain their strength and the Nikkei average closed *down 77.23 at 32,021.01.*

The day's high was 32,223.81 while the low was 31,946.89. Declines led gains by 528 to 372. Turnover fell to 1.18bn shares from the *1.35bn traded* on Thursday. The Topix index of all listed shares dropped 13.10 to 2,419.59 and in London the ISE/Nikkei 50 index lost 4.80 to 1,908.97.

Investors have preferred to stay on the sidelines the whole week, said Mr Hiroaki Hanao at Daiwa *Securities.* Key economic figures from the US and managers' meetings at leading Japanese broking houses have subdued trade, as has the prospect of the national holiday next Tuesday. The approach of the end of the business year keeps activity low, and the market tends to be affected more by overseas events.

On the domestic side, there were rumours in the market that Mr Yasuhiro Nakasone, the former *prime minister,* would be forced to come before the Diet for questioning about his involvement in the Recruit share scandal. The rumours rekindled fears of further political turmoil arising from the Recruit affair.

Construction companies continued to attract interest on the strength of the Government's planned infrastructure investment. Aoki Corp and Penta Ocean were particularly popular. Aoki, a *specialist* in civil engineering work, was second most active stock on 43.5m shares traded and gained Y110 to Y1,550.

Penta Ocean, which is reclaiming land and building a sea wall for Kansai International Airport, *gained* Y170 to Y1,640 in heavy trading.

Steels lost ground. Kobe, recently bought for its plans to build a leisure park, was the most active issue with 47.7m shares, losing Y10 to Y910.

Mitsui Toatsu, the chemicals group, advanced Y25 to Y995. It was third most active, with 41.2m shares, and was selected *for its earnings prospects.*

In Osaka the OSE average fell 56.84 to 30,295.91. Volume fell *to* 166m shares against 171m traded on Thursday.

Roundup

ASIA-PACIFIC bourses put in a patchy performance, with Singapore continuing its climb and Hong Kong hit by profit-taking.

SINGAPORE was hectic *again, as investors rushed* to buy in the afternoon, lifting share prices and turnover.

The Straits Times industrial index recovered from early *profit-taking to end 1.74 higher* at 1,187.53. Volumes climbed to 108m shares from 95.4m.

Mui was active again, losing 6 cents to S$2.02 as a block deal of 17m shares changed hands at S$2.29, taking total turnover in the stock to 19.4m shares.

HONG KONG succumbed to *profit-taking, with the Hang* Seng index losing 13.91 to 3,136.94, having been down 22 points at one stage.

News of improved results and a special HK$2 bonus from Hongkong Land led to volatile trading in the stock, which ended 10 cents lower at HK$11.70 on turnover of 28m shares.

AUSTRALIA saw early gains erased by news of higher domestic interest rates and *speculative selling in New Zealand-based* Chase Corp, which plunged 3 cents to 30 cents

EUROPE

French and Dutch shares drop sharply after US data

SHARPLY higher than expected US producer prices set off a round of selling in European stocks, *writes Our Markets Staff.*

PARIS plunged on active selling towards the close as Wall Street was driven into the red by the US producer price figures. French share prices dropped by about 2 per cent – although they ended off their *lows – while volumes were* estimated at FFr1.5bn.

The CAC 40 index fell 24.56 to 1,614.04 and the OMF 50 index lost 10.62, or 2.3 per cent, *to 452.65.*

The session had started firmly – helped by the release of domestic inflation figures in line with expectations – but the tide turned on the US news, said one dealer. Market makers moved to unwind positions, and London dealers followed suit to limit their losses.

Perrier was active on stake-building rumours, ending FFr18 lower at FFr1,657, having risen to FFr1,740, with *71,500 shares* traded.

AMSTERDAM dropped in the wake of the US producer prices, with sharp falls in leading internationals such as Royal Dutch, which has seen big gains in the past week. The CBS tendency index fell 1.7 to 169.2, the *day's low,* after peaking at a new high for the year of 172.3.

Trading was extremely heavy, with Fl 1.35bn worth of shares turning over, slightly up on Thursday's *Fl* 1.31bn. Royal Dutch lost Fl 3 to Fl 130.20 and Philips shed Fl 1.20 to Fl 38.70.

Another heavy loser was Volmac, the software producer, which dropped Fl 9.50, or nearly 12 per cent, to Fl 72.50 in heavy trading on disappoint*ment over its forecast of lower* profits growth this year. It reported a 23 per cent rise in 1988 profits in line with expectations.

Aircraft maker Fokker managed a *Fl 1.40* advance to *Fl* 46.30 against the trend as its string of recent orders continued to attract interest. Van Ommeren Ceteco, a transport and trading group that benefits from a stronger dollar, rose to Fl 44 before ending steady at Fl 41.70. There was speculation *about a possible bid from Holland America Line.*

FRANKFURT confused brokers by grinding to a halt for no obvious reason. After good turnover on Wednesday and Thursday, trading levels fell back to DM2.94bn worth of German shares yesterday, and the FAZ index ended just 0.50 higher at 557.52. The DAX traded in a narrow 6-point range, ending 0.95 easier at 1,322.69.

The strengthening of the dollar against the D-Mark, and the consequent rekindling of fears about inflation, were just an excuse for the market's lethargy, *said one salesman.*

Some stocks fell heavily in after hours trading following the news on US prodncer prices, with Daimler dropping to between DM643 and DM650 in London after closing in Frankfurt at DM659, a fall of DM8.50.

Continental gained DM10.40 to DM254.90 on reports that its CTS tyre system, which allows *a car* to carry on even after a puncture, would be used in the new Daimler sports model.

Feldmühle Nobel, which has been actively traded in recent sessions amid rumours of another possible takeover bid, shed DM5 to DM342.

Steelmaker Thyssen, which said its 1988/89 dividend would be *at least* as high as the previous year's DM7.50, gained DM3 to DM233.

ZURICH was little changed in moderate volume amid nervousness before the release of the US data and the Crédit Suisse index edged up 0.3 to 559.0.

Chemicals reacted in line with the market, having outperformed on Thursday, and Ciba-Geigy bearers eased SFr10 to SFr3,400 while Sandoz bearers gave up SFr50 to SFr10,200.

Inspectorate climbed SFr35 *to SFr2,075 after news of* higher profits and an increased dividend.

MILAN rose for the third consecutive session, but trading volume eased slightly to around L160bn from Thursday's L170bn. The market ended about 0.4 per cent higher but the Comit index was not immediately available.

Insurer Generali was actively bought, rising L380 to L42,360. In telecommunications, Sip lost L38 to L2,801 in the wake of its 1988 results, while *Italcable,* which is planning a scrip issue, added L515 to L11,865.

BRUSSELS picked up after a dull start, with the cash market index up 23.75 at 5,734.11.

Asturienne, metals and mining group, reported a sharp rise in profits and rose BFr60 to BFr1,240. Energy holding company Electrafina boosted annual parent profits by 48 per cent and ended unchanged at BFr8,830 after a BFr20 gain.

STOCKHOLM also benefited from company news, and the *Affärsvärlden index* rose 4.8 to 1,128.8.

Trelleborg restricted B shares rose SKr10 to SKr361 as investors bought on expectations of good results from the group. SCA B free shares eased SKr1 to SKr430

MADRID faced further profit-taking, closing before the release of good inflation figures for February. The general index eased 0.6 to 279.1.

Construction stocks were again hardest hit. Speculative issue Asland lost 16 points to 1,205 of par and Dragados gave up 8 to 467. Inflation rose by 0.2 per cent in February, much better than expectations.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 16 1989					WEDNESDAY MARCH 15 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	138.19	+1.9	119.26	112.50	4.87	135.63	117.01	111.91	157.12	91.16	113.37
Austria (18)	103.56	+0.6	89.37	100.67	2.50	102.90	88.78	99.86	103.56	83.72	90.16
Belgium (63)	131.13	-0.2	113.16	127.25	4.07	131.41	113.37	127.03	139.89	99.14	132.73
Canada (125)	136.33	+0.7	117.65	117.97	3.25	135.33	116.75	117.05	137.27	107.06	121.06
Denmark (39)	169.26	+1.7	146.06	167.93	1.87	166.49	143.64	165.30	180.38	111.42	118.73
Finland (26)	141.19	-0.9	121.84	128.95	1.42	142.44	122.88	130.00	147.07	106.78	120.91
France (130)	115.87	+0.3	99.99	115.19	2.83	115.50	99.64	114.82	119.98	72.77	84.45
West Germany (102)	84.07	-0.7	72.55	81.79	2.32	84.64	73.02	82.40	90.40	67.78	79.75
Hong Kong (44)	132.85	+1.9	114.65	133.01	3.63	130.43	112.53	130.60	133.77	84.90	101.11
Ireland (17)	144.67	+0.5	124.85	142.80	3.57	143.98	124.22	142.07	146.46	104.60	119.89
Italy (98)	80.42	+2.2	69.40	82.47	2.46	78.71	67.90	80.71	86.88	62.99	80.29
Japan (456)	187.53	-0.5	161.83	155.52	0.48	188.48	162.60	155.60	200.11	133.61	164.31
Malaysia (36)	160.49	+0.4	138.50	170.19	2.65	159.80	137.86	169.49	160.49	107.83	120.60
Mexico (13)	163.07	-0.4	140.73	422.92	1.21	163.72	141.24	424.67	182.24	90.07	145.88
Netherland (39)	117.71	+0.8	101.58	113.46	4.45	116.81	100.77	112.57	117.71	95.23	107.79
New Zealand (24)	70.99	+0.3	61.26	61.32	6.22	70.80	61.08	61.36	84.05	63.32	77.35
Norway (26)	171.65	+0.7	148.13	158.61	1.79	170.43	147.03	157.24	174.29	98.55	117.03
Singapore (26)	147.56	+0.4	127.34	131.71	2.06	147.04	126.85	131.18	147.56	97.32	112.94
South Africa (60)	140.41	+0.5	121.17	124.01	4.05	139.77	120.58	123.44	140.41	98.26	136.62
Spain (42)	147.04	-0.3	126.89	129.72	3.72	147.46	127.22	129.92	164.47	130.73	145.77
Sweden (35)	157.36	-0.5	135.80	149.15	2.25	158.09	136.39	149.84	158.38	96.92	118.56
Switzerland (57)	75.91	-0.1	65.51	75.81	2.29	75.97	65.54	75.76	86.75	74.13	85.31
United Kingdom (314)	151.56	-0.4	130.79	130.79	4.23	152.19	131.30	131.30	153.33	120.66	138.65
USA (568)	121.84	+0.9	105.15	121.84	3.57	120.74	104.16	120.74	121.90	99.19	110.51
Europe (1006)	119.85	-0.1	103.43	110.61	3.50	119.94	103.47	110.65	120.88	97.01	109.53
Nordic (126)	148.73	+0.3	128.35	146.72	1.99	148.26	127.90	146.25	149.38	95.22	110.02
Pacific Basin (675)	183.13	-0.4	158.04	152.49	0.69	183.84	158.61	152.48	194.72	130.81	159.82
Euro-Pacific (1681)	157.84	-0.3	136.21	135.76	1.56	158.30	136.57	135.77	164.22	120.36	139.72
North America (693)	122.61	+0.9	105.81	121.63	3.55	121.51	104.83	120.54	122.71	99.78	111.07
Europe Ex. UK (692)	100.35	+0.2	86.60	98.07	2.87	100.12	86.38	97.81	103.11	80.28	91.46
Pacific Ex. Japan (219)	130.45	+1.6	112.58	114.35	4.28	128.35	110.73	113.28	137.65	87.51	105.64
World Ex. US (1879)	156.92	-0.3	135.42	135.18	1.63	157.32	135.72	135.16	162.77	120.26	139.05
World Ex. UK (2133)	142.50	+0.2	122.97	130.63	2.02	142.27	122.74	130.15	146.04	111.77	126.98
World Ex. So. Af. (2387)	143.31	+0.1	123.67	130.68	2.22	143.16	123.51	130.30	146.65	113.26	127.95
World Ex. Japan (1991)	122.13	+0.6	105.39	117.78	3.56	121.43	104.76	117.13	122.37	100.00	110.61
The World Index (2447)	143.29	+0.1	123.66	130.63	2.23	143.14	123.49	130.24	146.51	113.37	128.01

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks
No. of bargains included4

Greater London Council6¾% Stk 90/92 – £89 ¼
Bristol(City of)11½% Red Stk 2006 – £106½ (10Mr89)
Manchester Corp1891 3% Red Stk 1941(or after) – £23 (13Mr89)
4% Cons Ird Stk – £22 (15Mr89)

UK Public Boards
No. of bargains included1

£115¾ 9
National Westminster Bank PLC7% Cum Prf £1 – 69
9% Subord Uns Ln Stk 1993 – £92 ¾ 6
12½% Subord Uns Ln Stk 2004 – £112½ (14Mr89)
Royal Bank of Scotland Group PLC5½% Cum Prf £1 – 53 (10Mr89)
11% Cum Prf £1 – 108 (15Mr89)
Schroders PLC8¾% Uns Ln Stk 97/2002 – £88½ (14Mr89)
12¾% Subord Uns Ln Stk 2002/07 – £106¾♦
TSB Group PLC10¾% Subord Ln Stk 2008 – £99¾

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Algoma Central Railway £10⅞♦ (14/3)
Allstate Explorations 12 (10/3)
Ampol Expln. 80♦ (15/3)
Aust. Foundation Inv 65 (14/3)
Australis Mining 3½ (14/3)
Berjuntai Tin Dredging 55♦
Bounty Invs 96♦
Celanese Canada £16.1875
Churchill Resources 34 (15/3)
City Developments S$3.77157 3.77205
Coopers Resources 38 A$0.8 (10/3)
Cultus Resources 20
Digicon Inc $0.03 (14/3)
Forest Laboratories $28⅝ (13/3)
Great Victoria Gold 9 (15/3)
Haoma North West 14 (14/3)
Haw Par Bros Int (Singapore reg) S$3.29662 (14/3)
Hexcel Corp $34♦¼♦¼♦
Highveld Steel & Vanadium $3.95 R16.40
Hooker Corp 90.25 (10/3)
Hunter Resources 10♦ (15/3)
Idaho Power Co £13⅛♦ (14/3)
Int. Mining 2 (15/3)
Invincible Gold NL Ord 4♦ (13/3)
Kalgoorlie Resources 3½ (15/3)
Killinghall Tin (Malaysia) Berhad Ord M$2.985,3.10
Kulim Malaysia Ord 27♦
Lawter International $12½♦
Magnum Resources 150♦
McCarthy Group R12.40 (14/3)
National Electronics (Consolidated) 5 (14/3)
Niugini Mining A$3.45
North Flinders Mines 160♦ (14/3)
Oil Search 30
Orbit Oil & Gas C$0.64♦ (13/3)
Overseas Chinese Banking Corp S$8.65774♦
Palabora Mining 775 (15/3)
Res Gold Corp C$3.49124 (10/3)
Regal Hotels (Hldgs) 18♦ (15/3)
Rorer Group $38.72♦ (13/3)
Singapore Land S$9.89599 (14/3)
Sky Line Explorln 325
Southwest Gold Mines 1
Target Resources 17 (13/3)
Teck Corp'A' 975 (13/3)
Third Canadian Gen Inv Tst £19⅛ (13/3)
United Overseas Land S$1.9094,2.0375 (15/3)
Vulcan Minerals 20♦ (10/3)
Westfield Minerals C$1.76♦1.85♦ (13/3)
Westralian Sands A$2.85♦
Winsor Indl. Corp. HK$10.2363
Wong Indl Hldgs. HK$1.536 (15/3)
Zanex A$0.81 (13/3)
Zone Petroleum 13

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Equities fall heavily after US data

NEWS OF a substantial rise in US producer prices last month delivered a sudden jolt to confidence yesterday in a London equity market already concerned about inflationary pressures at home. The FT-SE Index suffered its heaviest one day fall for a year as fears that the US Federal Reserve might tighten credit policy fuelled worries over the outlook for domestic interest rates. UK Government bonds fell by around 11/16 of a point in nervous trading.

Some analysts suggested that the fall, which took nearly 50 points off the FT-SE at worst, might have been overdone. Equities, already below the FT-SE 2,100 mark in early trading, when the European Commission's plan to review European brewery practices hit UK brewing stocks hard, had struggled back above this level when the anouncement of a 1 per cent gain in US producer prices in February reached the trading screens;share prices quickly turned downwards again as Wall Street confirmed London expectations by opening with widespread falls.

At the close, the FT-SE Index was 39.5 points lower at 2,073.1, the largest one day setback since March 24 last year when the Footsie lost 49.5;however, the Index fell 39 points on August 25, 1988.

Turnover details showed a less dramatic picture. Seaq volume at 537.3m shares failed to match the previous day's 547.1m figure. Yesterday's total was fairly modest until the US news reached London, and there were indications of heavy inter market activity as the first week of the trading Account, which has included the market's somewhat muted reaction to the UK Budget, came to its close.

Equities opened lower, with market makers clearly unloading shares from trading books built up ahead of the Budget and now looking somewhat over-optimistic in view of the markst's somewhat cool response to tha Chancellor's speech. This technical shakeout was encouraged by the bearish response to the EC breweries inquiry.

However, prices steadied as soon as the professional sell-off had been completed and "we all went off to lunch", to quote one dealer.

The US prices announcement came as a bolt from the blue. UK shares were quickly marked down by around 16 *FT-SE points, although* some traders doubted if many shares had changed hands. Selling then began in earnest as London correctly anticipated e gloomy start in the New York market.

This week has proved painful for equity traders, with the fall of 11.9 FT-SE points disguising some whiplash price movements.

There were hints yesterday that one market maker had lost as much as £20m over the week, and that others were nursing bruised shins.

Account Dealing Dates

*First Dealings:	Feb 27	Mar 13	Apr 3
Option Declarations:	Mar 9	Mar 30	Apr 13
Last Dealings:	Mar 10	Mar 31	Apr 14
Account Day:	Mar 20	Apr 10	Apr 24

*New time dealings may take place from 9.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	86.29	86.81	86.78	86.65	86.59	90.30	91.43 (18/4/88)	86.16 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	89.23	89.44	89.59	89.29	89.30	97.49	99.69 (15/3/89)	94.14 (9/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1705.5	1740.1	1754.3	1761.1	1739.4	1476.9	1761.1 (14/3/89)	1349.0 (9/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	193.0	194.2	194.6	192.2	192.1	240.9	312.5 (7/1/88)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Dl. Yield	4.48	4.39	4.36	4.33	4.37	4.38				
Earning Yld %(full)	10.89	10.68	10.59	10.53	10.62	11.18				
P/E Ratio(Net)(☆)	11.09	11.31	11.40	11.46	11.37	10.91				
SEAQ Bargains(5pm)	29,915	30,634	31,355	32,994	32,083	40,559				
Equity Turnover(£m)†	-	1458.59	1251.02	1230.32	1081.80	1357.74				
Equity Bargains†	-	36,494	35,939	39,563	36,930	44,708				
Shares Traded (ml)†	-	544.0	511.2	564.9	546.3	600.2				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1729.6	1723.8	1726.5	1732.1	1729.5	1719.4	1698.9	1703.8

DAY'S HIGH 1732.5 DAY'S LOW 1695.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 11.02 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Mar 16	Mar 15
Gilt Edged Bargains	101.6	117.3
Equity Bargains	236.4	232.9
Equity Value	2948.2	2528.6
5-Day average		
Gilt Edged Bargains	101.8	103.6
Equity Bargains	246.7	245.0
Equity Value	2605.1	2479.8

● London Report and latest Share Index: Tel. 0898 123001

EC probe clouds the beer

The implications of the probe into the European beer market agitated the brewing sector and the situation worsened considerably following the nervousness which later afflicted the equity market in general. A specialist trader spoke of frenetic bouts of activity, mostly between marketmakers, and signs of some institutional investors lightening their exposure.

Recovery movements were attempted but soon abandoned as tension mounted on ill-founded reports that the separate Monopolies & Mergers Commission investigation into tha UK tied house system would be made known over the weekend. The sector finally resembled a battlefield with losses extending well into double figures.

The major stocks closed abova the lowest levels but Bass still recorded a loss of 26 at 934p, while Allied-Lyons were 17 lower at 473p. Grand Metropolitan dropped 13 to 544p, Whitbread "A" 15 to 344p and even Guinness suffered with a fall of 14 to 416p. Greenall Whitley provided the only relief, rallying 8 to 305p as takeover hopes revived.

House sale

Broker James Capel's much talked-of Trafalgar House sell note revealed itself to an expectant market. Its bearishness had been partly discounted by falls on the previous day when the sellers were said to have included Capel. The stock continued its decline – faster than the rest of the market – ending 12 lower at 365p.

Many marketmakers agreed with Mr Simon Hayes of Capel who said that the stock had risen too far, too fast. "The rise has been on stories of projects that won't see a return until the late 1990s," he said. "In the meantime Trafalgar House has some short term problems." He singled out the housing market, which looks set to decline over the next 20 months. "Better margins will not be enough to improve profits in that sector."

Ha also said that shareholders were rightly concerned that they may be called upon for additional funds. "Gearing is over 40 per cent and will rise towards 50 per cent." Large infrastructure projects such as *the Channel tunnel and stories* of possible bid moves for the likes of Costain or (Alfred) McAlpine would mean 80 to 90 per cent. "On a risk/reward basis, the price should be 340-350p, a 15 per cent discount to the market."

Mr David Ireland at Hoare Govett struck a more optimistic note. "Capel's view is based on very low profits forecast," he said, pointing out, among other things, that housebuilding accounts for only a quarter of Trafalgar's business. They agree that a 15 per cent discount to the market is reasonable, but Mr Hayes is aiming for £243m pre-tax profits this year compared with Mr Ireland's £252m and what the latter calculates to be the average of 12 other brokers' forecasts: £257m.

Lonrho tread water

Lonrho shares kept their head above water as stories floated round the market that two prospective buyers were showing interest in Mr Alan Bond's near-20 per cent holding of 95m shares, which is to be sold by tender at a minimum price of 385p. There was also a report that the stake had already been sold, although interested parties may submit offers up to April 17.

Standing well below 385p – a level thought too high when announced earlier this month – the shares responded initially to e burst of marketmaker activity and then the inevitable reawakening of speculative interest. They rose to 339p and looked set to continue the trend before the movement was checked by the mid-afternoon events in the wider market. Volume improved on recent standards, reaching 3.4m shares, but bore little comparison with the heydays of a few months ago.

The strong showing by crude oil prices over the past couple of weeks – in response to Saudi Arabia's decision to cut sales to Japan, Europe and the US – gave another boost to an oil sector enjoying a return to extremely high levels of turnover. Yesterday crude oil prices made further rapid progress with April Brent np another 30 cents to $18.70 a barrel. This, conpled with a *highly bullish* seminar on oil and oil and gas stocks given by Kleinwort Benson, the securities house, helped arrest e slide in oil share prices triggered by the overall weakness of UK equity markets.

Turnover in the energy sector was equal to the heady levels experienced in midweek. This was partly due to strong demand prompted by the Kleinwort seminar, and also to a spate of bullish notes on oil prices and the oil and gas sector over the past two weeks.

Kleinworts has raised its forecast for Brent for the first half to $17 a barrel in the face of rising demand and news that Saudi Arabia is moving back in line with its production quotas. Kleinworts highlight the fact that the oil sector is back at the same relative low as last October in spite of a 60 per cent rise in crude prices.

Shearson Lehman Hutton, the US securities house, has been recommending a change of strategy in the sector, "go overweight," says Shearson. The oil team at Shearson adds:"The current level of the sector relative is completely inappropriate for today's bullish operating environment. We look for 10-15 per cent outperformance over the next 12 months." Commenting on yesterday's performance, Nick Clayton at Shearson said: "The US economic figures hit the oil stocks but it presents an ideal buying opportunity in the majors."

Of those pushing the oil sector, Smith New Court has recently been recommending a "switch" out of Shell into BP, and straight buying of BP – "the shares are fundamentally cheap," says Steve Turner, an oil company analyst at Smith, while BZW have also being pushing BP stock.

BP "old" managed e minor gain, closing at 293½p on turnover of 12m, while the "new" were unaltered at 188½p on 12m. Shell slipped 5½ to 391p on 3.6m and British Gas closed a fraction up at 179p on 11m ahead of the industrial tariff schedule expected to be published on Monday; last week British Gas announced price rises for domesmtic gas of 3.3 per cent.

Enterprise Oil fell sharply at one point touching 589p, but later rallied to close e net 5 off at 594p; *at the egm shareholders* approved the acquisition of Texas Eastern's overseas oil and gas assets. Enterprise will be quoted "ex" the rights issue on Monday and oil sector observers will be looking carefully for any signs of stake-building in Enterprise. Talk in the market is that the new nil paid shares will present an ideal opportunity for French group Elf Aquitaine to increase its holding from 25 per cent to 30 per cent, as a possible launch pad for a full bid later in the year.

One of the few firm spots was Consolidated Goldfields, 22 up at 1452p ahead of today's first closing date for the bid from Minorco. The market still hopes to see the terms lifted nearer £15 a share.

"A remarkable performance" is how one dealer described Dixons' showing – a rise of 2½ to 169p with more than 6m shares changing hands. After a dull start a large trade of about 1m shares at 167p rekindled recent bid speculation. Dealers said they expected the "large buyer" to return on Monday and Tuesday.

Sock Shop, under pressure all week, went against the trend with a rise of 6 to 112p amid vague speculation that a takeover approach was in the offing.

The electronics sector was buffeted by sizeable UK and overseas selling, caused, dealers said, by the retreat on Wall Street. British Telecom ran back 9 to 275p with nearly 10m traded, while Cable & Wireless, upset in midweek by a downgrading issued by County NatWest, down 10 to 460p, albeit in much thinner turnover of 2.8m. GEC were upset by further worries over Ministry of Defence opposition to the joint GEC/Siemens move to acquire Plessey; GEC shares lost 7¼ to 235½p on 9.4m. Racal Electronic fell 4 to 380p on 4.4m but Racal Telecom, helped by the recent US presentations, managed a 4½ gain at 329p.

Speculation that Thorn EMI could be casting an eye over Chrysalis (up 15 to 165p) upset Thorn EMI which dropped 15 to 710p.

A big two-way pull developed in Ferranti with the shares a fraction up at 106p after turnover of 5.5m. Mr Chris Tucker, at Kleinwort Benson reduced his forecast for 1989 to £87m and that for the following year to £94m and said: "Ferranti is undercapitalised and will find progress difficult for the next couple of years." Nomura and BZW lowered their forecasts for Ferranti earlier in the week.

Engineering stocks were hit by technical falls across the board. Hawker Siddeley was typical, shedding 19 to 681p in thin trading. Dealers had bought stock in Tuesday's sharp rise, itself inspired by heavy business in the options market. "A retreat on the New York futures market and today's weakness led to a liquidation of bull positions," said a marketmaker. Westland was the exception among larger stocks. It dismissed Warburg as its broker because of possible conflict of interest over GKN, which last September bought a 22.5 per cent stake in Westland and which is advised by Warburg. The change sparked stories of imminent stake-raising moves onWestland stock, and the shares added e penny to 152p. "Everyone is sitting on Westland, no one is selling," said e marketmaker. GKN ended 11¼ lower at 370½p on e turnover of 1.4m.

Opposing views were adopted on Jaguar after the full-year figures with County NatWest WoodMac issuing a buy notice and Nomura Research recommending the stock a sell. The market seemed confused and gratefully followed the overall trend, which saw the shares close 9 down at 317p.

SPS Consultancy reacted sharply to the interim loss, the result of exceptional factors according to the board, and settled 12 down at 68p.

Mountleigh featured the property sector with a rise of 6 to 163p with chairman Mr Tony Clegg buying the 14.1 per cent stake in the company previously held by Sasea. The purchase of the 30m shares at 180p restores the chairman's grip on the company.

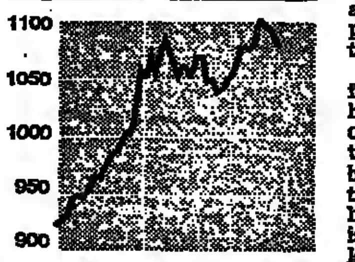
Confusion surrounded the machinations behind trading in Connells Estate Agents – the price fell 25 to 255p as the company announced termination of the bid talks with a mystery third party which Connells refused to identify.

A steep fall in P&O shares, down 20 at 665p, was attributed more to the general market weakness than any concern over the preliminary figures due on Monday.

Allied Textile went against the sector trend, rising 7 to 389p, on country demand and subsequent business between traders

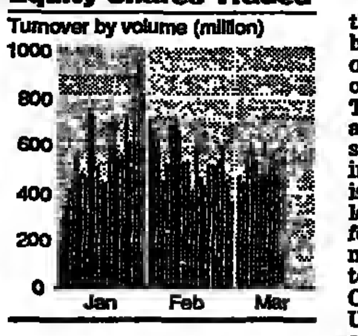
■ Other market statistics, including the FT-Actuaries Share Index, Page 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	4,700	143½	-5
Allied-Lyons	6,550	473	-17
Amstrad	1,400	150	-3
Argyll Group	2,900	171	-7
Ass. Brit. Foods	97	352	-5
BAA	2,000	341	-6½
BAT	2,900	556½	-17½
BET	2,000	269	-4½
BICC	609	409	-7
BOC	997	499	-7
BPB Inds.	732	257	-5
BTR	2,800	364	-6
Barclays	1,700	432	-8
Bass	3,700	934	-26
Beazer	359	214	-7
Beecham	1,800	569	-13
Blue Arrow	3,400	92½	-2
Blue Circle	432	533	-6
Boots	2,300	246	-7
British Airways	3,450	190	-4
Brit. Aerospace	2,200	550	-9
Brit & Comm.	1,200	219	-4
British Gas	11,000	179	+½
British Land	408	348	-10
BP	12,000	293½	+½
British Steel	23,000	83¼	-2
British Telecom	9,900	275	-9
Burmah Oil	405	571	-1½
Burton	1,500	211	-7
Cable & Wireless	2,800	460	-10
Cadbury Schweppes	637	344	-9½
Coats Viyella	2,500	157½	-4½

Stock	Volume 000's	Closing Price	Day's change
Commercial Union	831	372	-4
Cons. Gold Fields	837	1452	+22
Cookson	954	307½	-13½
Courtaulds	2,800	297	-4
Dalgety	755	352	-4
Dixons	6,300	169	+2½
Eng. China Clays	557	529	-8
Enterprise Oil	703	594	-5
FKI Babcock	1,900	171	-1
Fisons	2,100	276	-4½
Gateway Corp.	2,000	163	-5½
General Accident	945	978	-17
General Elect.	9,050	235½	-7¼
Glaxo	1,900	1306	-18
Globe Inv.	104	168	-3
Glynwed Intl.	566	317	-12
Granada	664	301	-5
Grand Met.	4,100	544	-13
GUS A	201	1014	-20
GRE	542	211	-4
GKN	1,400	371½	-10½
Guinness	2,500	416	-14
Hammerson 'A'	34	790	-6
Hanson	8,800	184½	-3
Harrisons & Cros.	86	739	-5
Hawker Siddeley	471	681	-19
Hillsdown Hldgs.	2,600	291	-2
IMI	1,300	229	-7
Imp. Chem.	2,100	1168	-12
Inchcape	1,700	259	-4
Jaguar	1,700	317	-9
Ladbroke	825	547	-10

Stock	Volume 000's	Closing Price	Day's change
Land Securities	1,300	569	-13
Laporte	293	422	-12½
Legal & General	1,100	345	-5
Lloyds Bank	978	362	-8
LASMO	1,700	460	-2
Lonrho	3,300	332	+3
Lucas	254	639	-13
MB Group	2,400	263	-12
MEPC	378	568	-15
Marks & Spencer	4,800	189	-3
Maxwell Comm.	1,100	213	-9
Midland Bank	1,600	443	-8
Nat. West. Bank	1,900	384	-6
Next	2,000	149	-8
Northern Foods	806	295	-9
Pearson	353	683	-14
Pearl	760	432	-13
P & O	760	665	-20
Pilkington	2,200	257½	-4½
Plessey	1,300	256	-2
Polly Peck Intl.	830	323	-6
Prudential	2,700	180½	-2½
Racal	4,400	380	-4
Rank Org.	227	904	-15
RMC	424	652	-13
RHM	1,900	383	-6
Reckitt & Colman	253	1104	-22
Redland	339	519	-12
Reed International	847	415	-15
Reuters "B"	309	668	-16
RTZ	1,900	522	-7
Rolls Royce	5,800	171½	-5½

Stock	Volume 000's	Closing Price	Day's change
Rothmans	404	502	-13
Royal Bk. of Scotlan.	419	394	-5
Royal Insurance	1,500	415	-8
STC	3,400	322	-7
Saatchi & Saatchi	968	388	-7
Sainsbury	1,100	222	-5½
Scott & Newcastle	1,900	414	-8
Sears	3,300	119	-3
Shell Transport	3,560	391	-5½
Siebe	58	475	-4
Slough Ests.	437	338	-9
Smith & Nephew	2,100	136½	-1
Standard Chartd	1,400	548	-5
Storehouse	4,300	173	-2
Sun Alliance	1,200	1130	-5
T&N	1,100	212	-5
TSB	1,700	126½	-2½
Tarmac	3,600	299	-12
Tate & Lyle	389	239	-12
Tesco	3,900	152	-5
THORN EMI	861	710	-15
Trafalgar House	2,400	365	-12
Trusthouse Forte	2,200	289	-6½
Ultramar	1,400	292½	-2½
Unilever	1,100	540	-9
United Biscuits	1,100	323	-8
Utd. Newspapers	335	450	-14
Wellcome	2,300	446	-17
Whitbread "A"	5,500	344	-15
Williams Hldgs.	1,500	294	-4
Wimpey	1,100	305	-3
Woolworth Hldgs.	1,300	272	-9

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (119).
INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) AMERICANS (12) CANADIANS (5) BANKS (1) Cattle's (Hldgs), BREWERS (1) Morland, BUILDINGS (7) CHEMICALS (4) Canning (W), Croda Intl., Fosceo, MTM, STORES (1) Clinton Cards, ELECTRICALS (18) ASEA AB "A", Electron House, Ericsson (L.M.), First Tech., Harland Simon, Misys, Nth. Telecom, Pegasus Grp., Penny & Giles, Pifco Hldgs "A", ENGINEERING (7) Ash & Lacy, Castings, Garton Eng., ML Hldgs., Simon Eng., Tyzack, Victaulic, FOODS (2) Dairy Farm Intl., Meat Trade Sup., HOTELS (2) Harmony Leisure, Resort Hotels, INDUSTRIALS (38) ADT, AGA AB, ASD, Antler, Aukett Assocs., BSS, Boot (H.), Christies Int'l., Costat, Epicure, Glaxo, Granada, Hughes (H.T.), Huntingdon Int'l., ISA Int'l., Jardine Strategic, Lawtex, Melville group, Nestor-BNA, Securiguard Grp., INSURANCE (3) Assam. Intl. Grp., Aon Corp., Marsh McLen'n., LEISURE (4) Castle Comms., Chrysalis, Orient Express Hotels, TV-am, NEWSPAPERS (2) Builder Group, EMAP, PAPERS (7) Aspen Comms., Clarke Hooper, Lowe H-S & B, Paragon Comms., Shandwick, Waco Grp., Yellowhammer, PROPERTY (3) Arlington Sec., Derwent Valley, Marler Ests., SHIPPING (1) Sea Containers, SHOES (1) Strong & Fisher, SOUTH AFRICANS (1) SASOL, TEXTILES (2) Allied Textile, Brit. Mohair, Ingham (G), TRUSTS (11) OILS (4) B.P.(P/P), Chevron Corp., Royal Dutch, Total-Cie, OVERSEAS TRADERS (1) Sime Darby, MINES (1) ACM Gold.

NEW LOWS (12).
BUILDINGS (1) Carron Phoenix, STORES (1) Parfide Group, FOODS (1) Sims Food Grp., INSURANCE (2) Allied Ins. Brokers, Berry Birch, PAPERS (2) Monotype, NSPB Consit. Grp., TEXTILES (2) Drummond, Mackay Hugh, SEET, TRUSTS (1) L.I.T. Hldgs., MINES (1) New Sabina.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	5	94	10	152	308	85
Corpn. Dom. & Foreign Bonds	1	12	61	27	33	156
Industrials	204	774	600	2,206	2,035	3,649
Financial and Props	58	365	243	964	849	1,528
Oils	27	31	14	156	101	234
Plantations	2	1	9	7	8	44
Mines	30	42	111	216	167	536
Others	110	47	75	414	283	486
Totals	437	1,366	1,116	4,145	3,786	6,719

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday March 16

Shipping & Transport	+30.29	500 Share Index	+19.41
Building Materials	+28.87	All Share Index	+18.26
Agencies	+26.84	Insurance(Life)	+17.67
Mechanical Engineering	+25.52	Chemicals	+17.51
Electricals	+23.73	Oil & Gas	+17.09
Capital Goods	+23.68	Consumer Group	+16.83
Leisure	+22.58	Publishing & Printing	+15.66
Other Industrial Materials	+22.39	Packaging & Paper	+14.29
Motors	+22.30	Telephone Networks	+13.51
Conglomerates	+21.78	Stores	+13.11
Electronics	+21.55	Insurance(Composite)	+13.03
Health & Household Products	+21.49	Financial Group	+12.60
Contracting,Construction	+21.17	Banks	+12.54
Brewers and Distillers	+20.84	Textiles	+12.46
Other Groups	+20.78	Food Manufacturing	+12.00
Metals & Metal Forming	+18.96	Food Retailing	+11.98
Investment Trusts	+19.96	Property	+11.57
Gold Mines Index	+19.95	Overseas Traders	+10.07
Mining Finance	+19.82	Merchant Banks	+7.78
Industrial Group	+19.81	Insurance(Brokers)	+7.62

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	107-29	-10/32	10.74	10.57	10.42
		9.750	1/98	98-08	-18/32	10.05	9.97	9.76
		9.000	10/08	96-06	-20/32	9.39	9.07	8.92
US TREASURY *		8.875	2/99	95-31	-40/32	9.52	9.34	9.22
		8.875	2/19	95-17	-63/32	9.30	9.14	9.09
JAPAN	No 111	4.800	6/98	96.0404	-0.058	5.24	5.17	4.93
	No 2	5.700	3/07	105.6336	-0.496	5.11	5.04	4.90
GERMANY		6.375	11/98	95.6000	-0.450	6.98	6.96	6.87
FRANCE	BTAN	8.000	1/94	95.0009	-0.432	9.31	9.31	9.19
	OAT	8.125	5/98	93.2600	-1.120	9.16	9.14	8.96
CANADA *		10.250	12/98	97.5000	-1.000	10.66	10.49	10.24
NETHERLANDS		8.7500	10/98	97.4750	-0.350	7.11	7.17	7.11
AUSTRALIA		12.000	7/99	90.8157	-0.277	13.70	13.62	13.69

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Zinc leads base metals slide

THE SIGN of the bear was in the ascendant on the London Metal Exchange this week. Zinc and copper continued last week's retreat; aluminium dipped below $2,000 a tonne for the first time in 18 months; and nickel prices touched two month lows.

In the absence of any significant *change in the fundamental* supply/demand picture for zinc dealers attributed the cash price's $207.50 fall to $1,872.50 a tonne chiefly to a general feeling that the market had become overbought in the run up to the recent record highs.

Much the same could be said of copper. But in this case the fall was also influenced by a *sharp rise* in New York Commodity Exchange (Comex) stocks, which prompted substantial Japanese selling. The LME cash price ended the week £95 down at £1,877.50 a tonne.

In contrast, aluminium's fall represented a continuation of the overall downward trend which took hold after the metal reached record highs last spring.

When the LME cash price peaked at $4,205 in early June, stocks in the exchange's warehouses were just beginning to recover from a low point of about 33,000 tonnes. As that recovery has continued – a 6,650 tonnes rise last week lifted the stocks total to 140,900 tonnes – prices have moved ever lower, and this week's $106 fall left cash aluminium at $1,961.50 a tonne.

Freer availability of supplies was also reflected in the elimination yesterday, for the first time since September, of aluminium's "backwardation" – the cash premium over forward positions.

At last night's LME close cash metal was at a $1 a tonne discount to the three months delivery quotation. That situation, known as a "contango" is regarded as normal - because forward purchases secure supplies without incurring storage, insurance and interest charges. A backwardation only appears when nearby availability is tight.

There is no question about nickel supplies remaining tight – and with LME stocks standing at only 3,300 tonnes the $600 e tonne cash/three months backwardation ruling at last night's close could be seen as relatively modest.

But with competition to secure those stocks drying up in recent weeks the market trend has been downwards. On Tuesday the cash position, which less than two weeks earlier had been above $19,000 a tonne, closed at $16,600, and although some consumer interest was attracted at that level the price ended with a net fall on the week of $450 at $17,200 a tonne.

The bright spot of the week for the LME concerned a metal which has not been traded on the exchange since October 1987. On Thursday a UK high *court judge* turned down a claim against the LME and members of its committee by two Shearson, Lehman subsidiaries for damages arising out of the exchange's handling of the crisis following the collapse of the International Tin Council's price support operation.

Mr Michael Green, the LME chairman, confirmed this week that there was "a strong possibility" of tin returning to the exchange as a trading vehicle in the next few months.

On the London bullion market gold drifted down by $5 before inflationary fears generated by a bigger than expected February rise in the US producer price index sparked e rally *yesterday* that left the price only 25 cents down on the week at $393 an ounce. That rise came as something of a surpise as the dollar's strength in response to the index rise might have been expected to depress gold.

London's International Petroleum Exchange had a lively week witb crude oil futures for May delivery gaining $1.31 to $17.91 a barrel and May gas oil rising $5.50 to $148.25 a tonne.

These advances reflected the strength of the spot oil market, where Brent blend crude rose $1.80 to $18.80 e barrel, helped by news of a bigger-than-expected drop in reported US oil stocks. Reports of cuts in Saudi Arabian deliveries to Japanese customers, promised outpnt cuts by non-Opec producers and the spate of equipment failures in the North Sea oil fields also contributed to the market's stronger tone.

Little of note happened to influence London's leading soft commodity markets. Nothing much had been expected of this week's London meeting of the International Cocoa Council, so news that it was to end last night – instead of next Wednesday as scheduled – had no discernible market impact. Talks were grinding on into the svening but no-one was expecting any real progress on the vexed issues of unpaid export levies and what price range should be defended by the International Cocoa Agreement's buffer stock operation.

Richard Mooney

APPOINTMENTS

CBI deputy director general

■ Mr Maurice Hunt has been appointed deputy director general of the CONFEDERATION OF BRITISH INDUSTRY. He was executive director, operations, and secretary, and succeeds Mr Kenneth Edwards who has retired.

■ Mr Colin Billiet, engineering director of Domnick Hunter Filters, has been elected president of the BRITISH COMPRESSED AIR SOCIETY.

■ CHARLES TAYLOR & CO has appointed Mr Bruce Sturgess as deputy chairman and chief executive. Mr David Shepley-Cuthbert becomes *finance* director.

■ THE ROBERTSON GROUP has appointed Mr Peter L. Dell and Mr D. Stuart Hay as non-executive directors. Mr Dell was chairman and chief executive of Courtaulds Engineering. Mr Hay was deputy chairman of the agricultural division of ICI.

■ Mr J. Stuart Lewis has been appointed managing director of PRIVATE FUND MANAGERS, a new company formed by Edinburgh Fund Managers. He was first vice president, manager special products, Drexel Burnham Lambert.

■ HARRIS SEMICONDUCTOR has appointed Mr Geoff Hardern as area sales director for North Europe, and to head the UK operation. He was area sales manager.

■ NATIONAL MUTUAL LIFE ASSURANCE SOCIETY has appointed Mr Christopher Russell as e non-executive director. He is a consultant actuary and tax consultant with Russell Harman & Co.

Mr Alexander Sparks *(above)* has been appointed chairman of BOWRING FINANCIAL SERVICES, and chairman of Bowring Accountants' Insurance Services, from April 1. He will relinquish his post as managing director of RICS Insurance Services, but will remain a director. Mr J.C. Mortimer succeeds him as managing director.

■ MEDIRACE has appointed Mr Alan Goodman as a director and chief executive of subsidiary Cambridge Life Sciences, from April 1. He will also become a non-executive director of Medirace. He is a main board director of the Agricultural Genetics Co, and head of the technology transfer division.

■ WARDLEY INVESTMENT SERVICES INTERNATIONAL has appointed Mr Christopher Galleymore as investment director. He was a director of the pension fund subsidiary of Geoffrey Morley and Partners.

■ SERICOL, printing inks division of Burmah Speciality Chemicals, has appointed Mr Chris von Streunsee as finance director from April 1. He was finance controller, eastern hemisphere, Castrol. Mr Tom Kirk, deputy chief executive of Sericol International, and finance director of the printing inks division, relinquishes this function to develop the division in the US.

■ WILLMOTT DIXON HOLDINGS has appointed Mr David Morgan as a part-time director. He will advise the board on legal and property matters.

■ MORGAN GRENFELL INVESTMENT MANAGEMENT has made the following appointments. Mr Roger Yates has joined from GT Investment Management as a board member, and succeeds Mr John Partridge as chief investment officer. Mr Partridge heads the balanced pension fund business. Mr Adrian Frost leads a new specialist UK equity team. Mr Richard Curling, UK small companies team, joins the board. Mr Richard Garland has joined from Henderson Pension Fund Management as assistant marketing director.

Mr David G. Enstone *(above)* has been appointed director of marketing at DUNLOP aviation division, Coventry. He was marketing director of Field Aircraft and Metair Aircraft, Hunting Group.

Joining UB main board

■ Mr Eric L. Nicoll, managing director of UB Brands, will join the board of UNITED BISCUITS (HOLDINGS) at the annual meeting in May. Mr Malcolm J. Little has been appointed managing director of UB (Ross Young's) from May 1. He joins from Northern Foods where he was managing director of the grocery division.

■ *Mr Steve Hallam*, general manager, and Mr Stewart Hague, company secretary, have been appointed directors of the LANGAR GROUP, Nottingham.

■ SCOTTISH FINE SOAPS, Falkirk, has appointed Mr Ronald A. Platt as managing director. He assumes the same role for the company's marketing and distribution division, Carronshore Marketing International. He was sales director.

■ Mr Derek E. Cook has been appointed a non-executive director of POWELL-DUFFRYN from April 1. He is deputy chairman of Pilkington. Lord Chilver, a non-executive director, has resigned.

FT UNIT TRUST INFORMATION SERVICE

● For Current Unit Trust Prices on any telephone ring direct-0898 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

AUTHORISED UNIT TRUSTS

Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Abbey Unit Tst Mngrs (1200)H

Buckmaster Managmt Co Ltd—Contd.

Eagle Star Unit Mngrs Ltd—Contd.

Gartmore (John) Unit Mgmt Ltd (1600)F

Lloyds Bk Unit Tst Mgrs Ltd (1000)F

Midland Unit Trusts Ltd—Contd.

Prudential Holborn Unit Tsts Ltd (1445)H

Smith & Williamson Unit Tst Mgrs (1000)F

Elcon Ltd (1600)F

Equitable Units Admin Ltd (1600)F

Provident Mutual Unit Tst Mgrs Ltd (0905)H

25-31 Moorgate, London, EC2R 6BA. 01-588 3903

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally fixed unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ✠ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ◆ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information page.

هكذا اصل الأصل

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

● For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

• For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 4655

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	297.1	312.8	----	—
Mar Pens Inc & Cas Fds	391.1	411.7	----	—
Money Fund	117.7	123.9	----	—
Pens Mngd Fd (Init)	103.4	108.9	----	—
Pens Mngd Fd (Acc)	123.5	130.0	----	—
Pens FT30 Fd (Init)	147.3	155.3	----	—
Pens FT30 Fd (Acc)	176.2	185.5	----	—
Pens O'seas MgFd(Init)	73.4	77.3	----	—
Pens O'seas MgFd(Acc)	87.7	92.4	----	—
Pens Fxd Int Fd (Init)	105.3	110.9	----	—
Pens Fxd Int Fd (Acc)	125.7	132.4	----	—
Pens Deposit Fd (Init)	103.7	109.2	----	—
Pens Deposit Fd (Acc)	123.9	130.5	----	—

Premium Life Assurance Co Ltd
37-39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	110.0	116.0	----	—
Building Soc. Fd	168.0	177.0	----	—
Balanced	274.0	289.0	-1.0	—
Deposit	168.0	177.0	----	—
European	152.0	160.00	-2.0	—
GT Managed	175.0	185.0	-1.0	—
Gartmore Mngd	111.0	117.0	-1.0	—
German	104.0	110.0	-1.0	—
Gilt	177.0	187.0	----	—
Global	48.0	51.0	----	—
High Inc	116.0	123.0	+5.0	—
International Equity	179.0	189.0	-2.0	—
Japan	233.0	246.0	-3.0	—
Managed	63.0	67.0	----	—
Property	276.0	291.0	----	—
S W Imperial Gold	131.0	138.0	+2.0	—
UK Equity	372.0	392.0	-3.0	—
Pension Funds				
American	136.0	144.0	----	—
Building Soc. Fd	166.0	175.0	----	—
Balanced	214.0	226.0	+2.0	—
Deposit	159.0	168.0	----	—
European	154.0	163.0	----	—
German	96.0	102.0	+2.0	—
Gilt	149.0	157.0	+2.0	—

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	541.5	570.1	-1.9	—
Equity	791.4	833.1	-4.9	—
Global Equity	217.4	228.9	+0.3	—
Fixed Interest	400.9	422.1	+0.3	—
Property	377.3	397.2	+0.0	—
Cash	152.0	160.0	+0.1	—
Index Linked Gilt	195.9	206.3	+0.5	—
Guaranteed	12.18		----	—
International Money	195.4	205.7	+0.2	—
North American	58.4	61.5	-1.1	—
Japanese	130.7	137.6	-0.8	—
European	81.0	85.3	+0.0	—
Special Situations	115.2	121.3	-4.4	—
Communications	94.9	99.9	-0.7	—
Smaller Companies	108.9	114.7	-0.6	—
International Small Cos	116.5	122.7	-0.5	—

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Mar 16	£149.60	154.80	----	—
Equity Mar 16	£166.36	172.32	----	—
International Mar 16	£23.55	24.30	----	—
Intl Bond Mar 16	£11.08	11.23	----	—
Fixed Int Mar 16	£71.79	72.75	----	—
Index Linked Mar 16	£60.52	61.59	----	—
Property Mar 16	£104.26	110.95	----	—
Cash Mar 16	£20.2733	20.2733	----	—
Pru-Linked Retirement Plan				
Managed Mar 15	372.3	387.9	----	—
Cash Mar 15	190.8	198.8	----	—
Prudential Pensions Investment Account				
Pens Mngd Mar 17	152.9	161.0	+0.6	—
Pens UK Eq Mar 17	297.5	313.2	+1.0	—
Pens Intl Mar 17	171.1	180.2	+1.7	—
Pens Fixed Mar 17	165.3	174.1	-0.3	—
Pens Index Lk Mar 17	154.0	162.2	-0.4	—
Pens Cash Mar 17	124.6	131.2	----	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (**)

JERSEY (SIB RECOGNISED)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988/89 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	98	Treas 9½pc Cnv 1989	99		9.52	12.37
98	95	Treas 3pc 1989	98		3.04	10.63
102	98	Treas 10½pc 1989	99		10.56	12.54
[illegible]	98	Exch 10pc 1989	99		10.09	12.53
103	98	Exch 11pc 1989	99¼		11.09	12.52
97	94¾	Treas 5pc 1986-89	97		5.15	10.29
104	98¾	Exch 10¼pc Cv '89	99		10.31	11.07
107	100¾	Treas 13pc 1990	100		12.91	12.04
104	99	Exch 11pc 1990	99		11.09	11.90
107	100¼	Exch. 12½pc 1990	100		12.45	12.02
93	90	Treas. 3pc 1990	93		3.23	9.67
99	95	Treas 8¼pc 1987-90	96		8.57	11.51
102	95¾	Treas. 8pc Cv 1990	97		8.21	10.12
103	97¼	Treas. 10pc Cv 1990	97		10.24	11.64
91	87	Exch 2½pc 1990	89		2.79	9.24
107	100	Treas 11¾pc 1991	100		11.71	11.51
95	89	Funding 5¾pc '87-91	91		6.28	10.48
90	86	Treas. 3pc 1991	88		3.41	9.36
105	97	Treas 10pc Cv '91	98		10.14	10.67
107	98	Exch. 11pc 1991	99		11.06	11.23
98	91	Treas. 8pc 1991	92		8.63	11.14
113	103	Treas 12¾pc 1992	104		12.20	10.85
104	96¾	Treas 10pc 1992	97		10.29	10.90
98	91¼	Treas. 8pc 1992	92¾		8.63	10.87
106	98	Treas 10½pc Cv 1992	99		10.60	10.86
86	81	Treas. 3pc 1992	84		3.57	8.74
112	102	Exch 12¼pc '92	104		11.78	10.82
117	106	Exch 13½pc 1992	107		12.55	10.73
97	[illegible]	Treas 8¼pc 1993	92		8.92	10.64
105	96	Treas 10pc 1993	98		10.17	10.50
114	105	Treas 12½pc 1993	106		11.72	10.53
[illegible]	85	Funding 6pc 1993	86		6.90	9.62
121	[illegible]	Treas 13¾pc 1993	111		12.32	10.52
101	90	Treas. 8½pc 1994	92		9.20	10.51
125	[illegible]	Treas 14½pc 1994	115		12.53	10.35

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

1988/89 High	Low	Stock	Price £	+ or −	Yield Int.
45¾	41	Consols 4pc	44¾	−¼	8.89
40¾	37	War Loan 3½pc	39	−¼	8.70
70	48	Conv 3½pc '61 Aft	68½	−½	5.07
41	30	Treas. 3pc '66 Aft	38	−1¼	7.64
30¾	26¾	Consols 2½pc	29¾	−½	8.44
29	26¾	Treas. 2½pc	28¾	−¼	8.60

Index-Linked

(b) (1) (2)

1988/89 High	Low	Stock	Price £	+ or −
127¼	117½	Treas 2pc IL '90(84.6)	127	+¼
106	99	Do. 2pc '92(97.8)	106	+¼
99	92½	Do. 2'94 (102.9)	98½	+¼
145	127	Do. 2pc '96(67.9)	144	
124	103¾	Do 2½pc '01(78.3)	124	−¼
122	101	Do. 2½pc '03(78.8)	121	−¼
125	102	Do 2pc '06(69.5)	124	−¼
117	95	Do. 2½pc '09(78.8)	117	−¼
123	99	Do. 2½pc '11(74.6)	122	−¼
102	82	Do. 2½pc '13(89.2)	101	−¼
110	88	Do. 2½pc '16(81.6)	109	−¼
108	87	Do. 2½pc '20(83.0)	107	−¼
91	73	Do. 2½pc '24(97.7)	90	−¼

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1988:106.6 and for January 1989:111.0

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

CANADIANS

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	130p	♦ABM Gold Corp ‖	134p	–3	–	–	–
[illegible]	4½p	♦Abbot Energy Corp.	17p	.....	–	–	–
14¾	882p	♦Amer. Barrick Res.	13¼	–⅛	–	–	–
[illegible]	2¼p	♦Amer. Lightwave ‖	2½p	+⅛	–	–	–
47½	7¼p	♦Armeno	17p	.....	–	–	–
[illegible]	83p	♦Asiamerica ‖	108p	.....	–	–	–
[illegible]	23p	♦Augmitto Expln	27p	.....	–	–	–
[illegible]	10⅜	Bk. Montreal ‖	14	+⅛	$2.12	–	7.3
[illegible]	514p	Bk. Nova Scot. ‖	731p	.....	84c	–	5.5
18⅜	13¼	BCE ‖	18½	+⅛	$2.44	–	6.5
[illegible]	527p	♦Bow Valley ‖	761p	+33	♦40c	–	2.5
14⅛	10⅛	♦Brascan ‖	13⅛	.....	88c	–	3.2
[illegible]	177p	♦Breakwater Res.	282p	+1	10c	–	2.4
13⅜	801p	Can. Imp Bank ‖	13⅜	+⅛	$1.16	–	4.2
12⅛	841p	Can. Pacific ‖	11⅛	+⅛	76c	–	3.2
41½	38½	Do. 4pc Deb £100	38½	.....	4%	–	10.4
515p	357p	Central Capital "A" ‖	444p	+5	–	–	–
485p	313p	♦Corona Corp	432p	+21	–	–	–
886p	228p	♦Cons TVX Min.	359p	+19	–	–	–
371p	19½p	♦Dumbus Mem. Syst. ‖	19½p	–2	–	–	–
686p	430p	♦Derlan Inds. ‖	683p	–4	11.75c	–	0.9
14⅛	746p	♦Echo Bay Mines	931p	+3	$0.07	–	0.4
839p	249p	♦ECO Corp ‖	465p	+40	–	–	–
40p	9½p	♦Emerger Minerals ‖	16p	+4½	–	–	–
386p	196p	♦Galactic Resources	222p	+1	–	–	–
423p	267p	Gandalf Techs. Inc.	279p	.....	–	–	–
125p	34p	♦Geodome Res.	34p	–2½	–	–	–
394p	141p	Granges Expln ‖	153p	–2½	–	–	–
27½p	4½p	♦Gt Pacific Res.	24½p	+1	–	–	–
903p	576p	♦Gulf Canada ‖	755p	–3	52c	–	3.3
12⅛	816p	♦Hawker Sid Can ‖	12⅛	+⅛	$1.08	–	4.3
590p	344p	♦Hemlys Group	475p	–4	–	–	–
12⅝	785p	♦Hudson's Bay ‖	12⅝	+⅛	60c	–	2.3
28⅛	20⅛	♦Imperial Oil ‖	26⅛	+⅛	$1.80	–	3.2
20⅞	10⅛	Inco ‖	17⅛	+⅛	s$0.80	–	2.6
718p	462p	♦Inland Nat. Gas $1	639p	+5	60c	–	4.5
250p	100p	♦Madeleine Mines	134p	–6	–	–	–
207p	126p	♦Muscocho Expln	190p	+7	–	–	–
245p	85½p	♦Nevada Goldfields	114p	–2	–	–	–
12⅛	787p	♦Rio Algom	11⅜	+½	$1.30	–	5.4
19⅞	11⅛	Royal Bk. Can. ‖	19⅝	+⅛	$2.20	–	5.4
40⅞	26⅛	Seagram ‖	40⅜	+1	US$1.40	–	2.0
361p	74½p	♦Sonora Gold Corp ‖	107p	+2½	–	–	–
[illegible]	18p	♦Spiral Eng ‖	73p	+½	–	–	–
[illegible]	55p	♦Tara Pure Tech. Corp ‖	73p	–19	–	–	–
19⅝	11⅛	Toronto-Dom. Bk. ‖	19⅝	+⅛	$1.12	–	2.8
[illegible]	566p	♦Trans Can Pipe	749p	+27	68c	–	4.4
[illegible]	127p	Varity Corp ‖	160p	+3	8	–	–

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا اصل الأصل

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

FINANCIAL TIMES
Weekend March 18/March 19 1989

Reform of tied pubs may start EC row

By Lisa Wood

BRITAIN faces possible conflict with the European Commission over jurisdiction on competition policy if the Government decides to break up the system of public houses tied to breweries as part of a shake-up of the UK brewing industry.

Lord Young, the Secretary of State for Trade and Industry, is expected next week to unveil a report prepared by the Monopolies and Mergers Commission on the £9bn a year industry.

The Commission, in its 2½-year investigation, has examined whether tied houses – the system whereby most brewers own their own retail outlets in which they sell their own beer brands – are against the public interest.

The system was cleared by the European Commission in 1984 in a special exemption, freeing European brewers from restrictions on vertical integration.

On Thursday the Commission announced that it would examine the European brewing industry in an attempt to ensure free competition in the run-up to 1992 and the single market.

The review, expected to take at least nine months, could lead the Commission to change the current EC regulation on tied houses and exclusive purchasing agreements.

However, until that time, UK brewers would be free to appeal individually to the Commission to uphold its ruling if the British Government sought to abolish the tied house system.

This could provoke conflict between the UK and the Commission over who has final jurisdiction over competition policy.

In theory, Brussels can only enforce competition rules for cross-border trade, but the line may be hard to draw, when pubs and bars across Europe sell beer from several member states.

In London, share prices of breweries fell yesterday as the City feared that the EC review foreshadowed abolition of the brewers' exemption.

The stock market interpreted possible radical recommendations from the MMC as depressing profit margins in the industry.

Shares in Bass, Britain's biggest brewer, fell 42p at one stage before recovering to close at 934p, down 26p on the day.

Rate swaps case unlikely to reach court until July

By Norma Cohen

THE HIGH COURT is unlikely to hear arguments about the legality of the London Borough of Hammersmith and Fulham's interest rate swap contracts before July at the earliest, leaving unresolved the fate of millions of pounds in payments in the swaps market.

Bankers following the case say Deloitte, Haskins and Sells, Hammersmith's district auditor, is not expected to file in the High Court until after Easter, with a place on the calendar unlikely before July. If a slot is not obtained in July, the case will probably not be heard until the autumn.

Deloitte declined to comment on the timing of the case, which had been expected to receive a hearing by the end of this month.

A committee of banks which are counterparties to local authority swap transactions, formed under the aegis of the British Bankers' Association, is planning to urge banks to avoid actions which disrupt the market.

A letter is being prepared for distribution to the 60 to 70 bank members next week urging banks to delay any legal action until the case of Hammersmith is decided by the High Court.

Two more councils said yesterday they were holding up payments due to counterparties in swap transactions after legal advisers had told them the swaps might be illegal. That brought to four the number of councils which have halted payments.

The Labour-controlled borough of Harlow in Essex has told three banks and three local authorities that it would not make payments due on swap contracts. Mr Derrick Harmon, treasurer, said the authority had four transactions on its books in which it appeared to have been an intermediary between other authorities and banks.

Those will not be paid, and nor will obligations under four separate swap options contracts which have a notional principal value of £40m. Payments under the swap options contracts due before the end of May total less than £500,000, he said. Mr Harmon said that one of the bank counterparties had told Harlow it was considering taking legal action to force payment.

The borough of Blackburn, Lancashire, has said it will withhold a £32,000 payment due this month to one of its banks and that that it has been told by Ogwr Borough Council that an identical payment due to it will also be withheld.

Mr Kevin Cooper, assistant treasurer at Blackburn, said the authority has swaps outstanding with a notional principal value of about £30m, far smaller than its overall loans outstanding of £160m. Blackburn has not identified the bank counterparty, but it is said to be Salomon Brothers.

Blackburn is reviewing the legality of all swap contracts and has decided that it would be prudent to withdraw from this type of financial instrument as soon as it is prudent.

The International Swap Dealers Association, a trade association, is surveying members to determine the extent of their exposure to local authority transactions. The study is expected to be completed in about 10 days.

More join HK exodus to Bermuda

By John Elliott in Hong Kong

THE RUSH of Hong Kong companies to move their legal domicile outside the colony ahead of the reimposition of Chinese sovereignty in 1997 has been joined by Hongkong Land, one of the colony's biggest landlords.

The company, the property development arm of the Jardine group, said yesterday it was moving its legal domicile to Bermuda in a move linked to a HK$5.1bn (£380m) restructuring.

The decision comes five years after Jardine Matheson, the group's original holding company and one of the colony's main trading "hongs," caused a political uproar when it was the first to move its domicile to Bermuda.

Two companies owned by the Lan brothers – Evergo Holdings and China Entertainment Strategic Investments – also announced yesterday that they, too, were setting up holding companies in the Atlantic island tax haven.

That means that nearly 20 Hong Kong companies have now moved their legal domicile to Bermuda.

The rush over the past 15 months by Hong Kong companies owned by Chinese entrepreneurs, mostly from the colony but also from Thailand and Indonesia, has been prompted by fears that the Chinese Government will find ways of changing the colony's laws against the interests of their businesses.

Mr Nigel Rich, Hongkong Land chairman, said yesterday: "There are a number of things that could happen in Hong Kong and we are mindful of the possibility that the situation could change." A particular concern was the possible introduction of taxation on overseas earnings.

Jardine's action in 1984 coincided with uncertainty over the colony's future and led to fears that this would cause a flight of capital.

But Mr Rich argued yesterday that fears had proved groundless because the group was undertaking big investments in Hong Kong and that such moves were no longer politically significant.

Hongkong Land was looking for overseas investments in countries such as Thailand and Singapore and the move would help the development of such international interests. At present it has almost 100 per cent of its assets in Hong Kong. "We will always remain substantially invested in Hong Kong," Mr Rich declared.

Hongkong Land restructuring and results, Page 12

Financial markets plunge

Continued from Page 1

remained strong, but analysts were uncertain whether it would break through the top of its trading range of around DM1.90. If it did, the West German monetary authorities might be forced to raise their interest rates, they said.

Bundesbank officials, however, said they saw no immediate pressure for a rise in German interest rates. Inflationary pressures in West Germany have peaked and short-term interest rates had doubled since last summer.

In New York, prime lending rates are expected to be raised by another half point within the next two weeks from 11.5 per cent amid expectations that the Fed will push its target for the Fed Funds rate, the rate at which banks borrow funds overnight, above 10 per cent from around 9¾ per cent.

Taking January and February together, the producer price index made its biggest two-month advance since 1981.

The sharp rise for the second successive month continues the pass-through of strong increases in the prices of crude materials and industrial supplies in earlier months, especially in drought-affected foods, and more recently in energy materials.

However, the figures for crude and intermediate stages of production suggest that the food shock may be abating – though the prices of foods sold fresh jumped 9 per cent in the month, partly reflecting weather conditions. Fresh vegetable prices jumped more than 35 per cent in the month, but the return of mild weather should produce a correction.

Excluding the volatile food and energy component, the index in February rose by 0.6 per cent compared with 0.4 per cent in January.

Other cost pressures outside the energy sector remain moderate. Animal feeds and crude foodstuffs for processing fell 1.3 per cent in February after going up 4.3 per cent in the previous two months. The prices of other crude industrial supplies, apart from energy, were unchanged, while the prices of partly-processed industrial inputs, apart from food and energy, rose 0.5 per cent, the average pace for the last four months, and somewhat below the 1988 average.

The index thus gives clear warning of further rises in inflation at the retail level; but they suggest that the increase may not be long sustained. Industrial economists now believe that retail price inflation in the US will peak at 5.5 to 6 per cent. The key concern for the Fed, reflected in the reports from regional member banks earlier this week, is how far this retail price acceleration feeds through to wages.

For the year to February, consumer food prices have risen 7.2 per cent, and fresh foods by 24.3 per cent. Meats and poultry, where feed prices are sharply up, and supplies are short after the drought, are 20-30 per cent above 1988, and are expected to take up to a year to return to normal.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)						
Rises						
Bayerverein	373	+ 3		Elf Cert	382	+ 40
BHF Bank	466.5	+ 6.3		Skis Rossignol	1090	+ 53
Contl. Rose	254.9	+ 10.4		Falls		
Thyssen	233	+ 3		Euromarché Wrts	7.5	− .4
Falls				O.P. Cilper	450	− 31.5
Daimler	659	− 8.5		Scoa	67	− 4.5
NEW YORK ($)				**TOKYO (Yen)**		
Rises				Rises		
Echo Bay Mines	16⅞	+ ⅞		Sekai Heavy	1200	+ 140
Newmont Gold	35⅞	+ ⅞		Shinkom	1880	+ 220
Falls				Toho Titanium	2540	+ 290
AT & T	31⅞	− ⅞		Falls		
Exxon	45	− 1⅞		Furukawa Bat.	1130	− 110
Gen. Elec.	45⅞	− 1⅞		Fuso Ind. Work	2000	− 200
Schlumberger	37⅞	− ⅞		Japan Aircraft	1420	− 120
PARIS (FFrs)						
Rises						
Banc Os	20.8	+ 3.3				
New York prices as at 12.30pm.						
LONDON (Pence)						
Rises				Guinness	416	− 14
Allied Textile	383	+ 7		Jaguar	317	− 9
Antler	237	+ 10		Land Sec.	569	− 13
Cons Gold Flds	1452	+ 22		P & O Deld.	585	− 25
Greenall Whit.	305	+ 8		RMC	652	− 13
Sock Shop	113	+ 6		Reed Int.	415	− 15
Falls				SPS Cratfcy.	68	− 12
Allied-Lyons	473	− 17		Tarmac	326	− 12
BAT Inds.	566½	− 17½		THORN EMI	710	− 16
Cable & Wire	460	− 10		Trafalgar Hse	395	− 12
Cookson	307½	− 13½		Unitech	275	− 15
Dowty	263	− 9		Wellcome	446	− 17
Glaxo	1305	− 16		Whitbread A	344	− 15

WORLDWIDE WEATHER

UK today: Turning cloudy and cold after night frost with rain and sleet or snow in the north together with fresh winds. Outlook: rain or showers, but brighter.

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures

Army puts faith in Marilyn to fill the ranks

By David White, Defence Correspondent

OF ALL the acronyms that military minds have invented, surely the sweetest one is Marilyn.

The image of Marilyn has been conjured up to soothe the British Army's worst headache for years – a looming shortage of willing youths to fill its ranks.

Marilyn stands for Manning and Recruitment in the Lean Years of the Nineties. A classified study, under this inspired title, on ways to tackle the problems ahead was made last year, and some of the first results will soon become apparent.

A nationwide television recruitment campaign is scheduled to begin shortly. It will be the first TV advertising for the regular Army for eight years.

The approaching demographic "trough" has been worrying the Army for some time, but in the last year the gap between manning requirements and actual strength, which totalled 156,000 at the end of last year, has begun to widen.

In the key bracket of 15-to-19-year-old males – from which the Army recruits 80 per cent of its soldiers – the available population is expected to drop by as much as 30 per cent from a 1982 peak, reaching its nadir in 1994.

Non-officer strength is already about 2,000 below requirement. Expectations of lower unemployment and competition from industry and commerce and from Youth Training Schemes will make recruiting harder in future.

For officers the expected problem is less dramatic but still serious. There is already a shortage of 260. Half of the intake are non-graduates, the number of whom is expected to drop by 20 per cent to its lowest point in 1995. Among graduates, the anticipated fall is 10 per cent, bottoming out in 1999.

Apart from spending more than £1m on its advertising campaign this year, and probably even more next year, the Army plans to bring more women into its ranks (there are now just over 5,000) – but not in direct combat roles.

There are also proposals to improve what officials admit is a "disappointing" recruitment rate among black and Asian ethnic minorities (only about 1.2 per cent of the intake, although these groups make up almost 6 per cent of Britain's 15-to-24-year-olds).

Unlike some civilian employers, the Army can hardly turn to pensioners, or even large numbers of middle-aged people, to fill its gaps. However it is considering recruiting older officers for some specialisations and is trying to contact and re-enlist people who have left.

To keep officers and men (and women) the Army is looking at a range of improvements in pay and conditions.

It hopes to offer access to civilian qualifications at all levels, and a scheme for academic recognition of officer courses, which could lead to degrees under a system of credits – on the lines of the military degrees awarded in many other countries – is under consideration.

Officials say they may have to help borderline applicants to reach minimum entry standards. They deny that standards will fall, but one official admitted: "In officer terms we have been taking more people towards the lower end than we had been, to keep the numbers up."

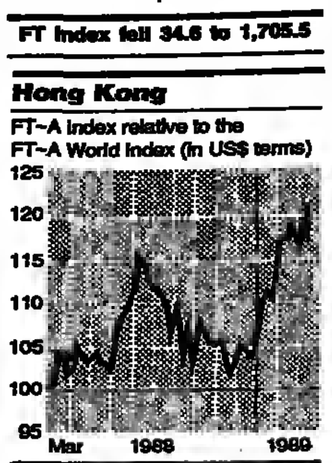
Business discipline, Page 6

THE LEX COLUMN

Crosswinds from Wall Street

The London market really does seem to have a thing about the Ides of March, give or take a couple of days. Yesterday's 40-point slump in the FT-SE was the biggest since March 20 last year, and there was a nasty bump in March 1987 as well. The immediate cause this time was Wall Street; but there was also that old seasonal factor, the Budget.

As a presenter, Mr Lawson is adept at pitching to the market's mood. His picture of a controlled slowdown by the summer, complete with lower interest rates and without damage to corporate profits, was taken as plausible on Tuesday. Thursday's figures on UK labour costs rather spoilt that, and by yesterday the market was not disposed to take kindly to US producer price inflation twice as high as forecast. Since the last set of disappointing US data at the start of February, Eurodollar interest rates are up more than a full point. Last week, the Bundesbank pleasantly surprised everyone by pointedly refusing to join in the interest rate chase; with a bit of bad luck, the pressure could now be back on again.



It was not surprising that Wall Street should have taken yesterday's inflation figures so badly, if only because of the consistency of the price rises across a broad front. Earlier data on US output were particularly unreliable, if only because the extraordinarily warm weather in January spoilt the seasonal pattern of housing and construction. Now, with higher oil prices likely to feed through over the next several months, Wall Street will be particularly vulnerable to any confirmation of bad news on consumer prices next week.

This looks slightly at odds with Mr Lawson's assertion that world interest rates look close to their peak, though he could yet be proved right. In any case, the question for the UK is how far it could withstand a further round of international rate rises; the optimist would say, after all, that the UK has already gone through the pain of early tightening, and that the London market has already paid for it in terms of underperformance in the second half of last year.

On the other hand, it has been making up for it handsomely ever since. The outperformance was not confined to January. Wall Street might have risen 100 points this month before yesterday's setback, but it was still below its peak of the month before. London, by contrast, has gone from strength to strength, and was comfortably at a post-crash high when Mr Lawson sat down on Tuesday. It is still quite possible to argue that if Mr Lawson's forecasts on growth, inflation and interest rates all prove correct, the market is undervalued; but much can go wrong, and the US is not helping.

NatWest

As more and more banks combine the role of chairman and chief executive, the old art of spotting a future clearing bank chairman is becoming increasingly obsolete. However, National Westminster tries to keep the craft alive. It was the training ground for the current Governor of the Bank of England; and the decision of Lord Alexander to defect from the Takeover Panel suggests that the job of a clearing bank chairman is less ceremonial than it sometimes looks.

In the old days, bank chairmen had to be good at getting on with customers, politicians and overseas dignitaries. Running the bank was left very much to career bankers, a few of whom were occasionally rewarded with a seat on the board. Times have changed; the appointment of an eminent lawyer to the NatWest chair must be seen as a positive move in the light of the damage that the Blue Arrow affair has inflicted both on the bank's share price and its reputation. However, it is far from clear that Lord Alexander will be able to do a better job at NatWest than he was doing in restoring the Takeover Panel to its former glories.

Indeed, NatWest shareholders can be forgiven for wondering whether BP's Sir Peter Walters, who as part of the reshuffle steps down from his job as deputy chairman, would not have been a better choice. He has revived the fortunes of one of the world's biggest multinationals; and in spite of NatWest's obvious success, its management is inbred and its board appears to prefer the quiet life. As Lloyds Bank has amply demonstrated, separating the role of chairman and chief executive can work well. It might have been more reassuring if NatWest had appointed someone with a proven record of maximising shareholder value.

Hong Kong

Unless Hongkong Land intends to start towing bits of the colony's central business district out to sea, it seems unlikely that yesterday's decision to decamp to Bermuda will make much practical difference. With most of its siblings in the Jardine family already installed on the other side of the world, it was only a matter of time – rather than a matter of politics – whether Hongkong Land would follow suit.

But there is more to yesterday's restructuring than a domicile change: Hongkong Land is distributing to shareholders a large sum of cash which it does not have, in order to improve its market image. Most of them will presumably welcome the decision but none more so than 33 per cent shareholder Jardine Strategic Holdings, which will see its net debt more than halved as a result. Maybe Jardine Strategic has an acquisition in sight, or maybe it simply does not want to be geared to the gills in case the market turns against it; but in spite of yesterday's prime rate rise, all the signs are that the latter is less likely than the former.

Since the beginning of this year, Hong Kong has outperformed the world in US dollar terms by over 15 per cent, according to the FT-A world indices. Indeed, the colony's exchange has been second only to London as the best performer among major markets. With property companies overwhelmingly responsible for the rise, there must come a point at which interest rates become a serious worry – for both properties and equities. There is little sign of that yet; and the current results season is doing its bit for optimism, with 1988 earnings rising on average 30 per cent and another good year expected in 1989. But the world economic landing will have to be very soft indeed if it is not to perturb the property markets eventually; and when it does, Hong Kong could be on the front line.

Steadying Tory nerves

Continued from Page 1

that it would be fatal for the Government to slacken its pace. "The brutal message which we have to put – without any apology or compromise – is that we change and prosper or stagnate and fall."

That view was echoed by Mr John Major, Chief Secretary to the Treasury, who said there could be no question of any retreat from the Government's determination to reverse the recent upsurge in inflation. High interest rates were not popular but there was no pain-free way of controlling price rises.

Allowing inflation to take root would be "unthinkable" and would not win the Conservatives the support of the voters. He told the conference: "This Government has shown time and time again that it has the determination to pursue the necessary policies through temporary squalls."

It would do the same again. In a strong defence of the Budget, Mr Major said the £3bn saved in debt interest payments by repaying the national debt would be available for extra spending on key services such as health and education and for future tax cuts.

Mr Kenneth Clarke, the Health Secretary, adopted a similar theme in a speech designed to underpin the Government's commitment to its NHS reforms. It is thought that Mr Clarke and Mrs Thatcher have been taken aback by the scale of opposition to the proposed changes.

Yesterday the Secretary for Health went out of his way to rebut Opposition charges that the plans envisaged dismantling the present system. "We have turned our back on privatisation yet again and as firmly as anytime before," he said.

Mr Clarke was equally insistent, however, that the Government would not back down from plans to inject more efficiency into the NHS by allowing for creation of self-governing hospitals and the introduction of budgets for general practitioners.

Nor was it prepared to compromise on its determination to introduce new contracts for GPs to provide incentives for health promotion

Mrs Thatcher is today expected to give a similarly firm defence of her plans to privatise the water industry – a plank of the Government's programme which opinion polls have consistently shown to be unpopular.

Her aides have rejected suggestions that she has "taken charge" of promoting the privatisation, but the Prime Minister is thought to be concerned that the Government has so far failed to get across what it sees as the benefits that would flow from the sale.

Registered at the post office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.
Admiral Duke

Weekend FT

SECTION II

Weekend March 18/March 19, 1989

Out of the ashes, a new beginning

NGUYEN HAU is developing orchids for export to France on the banks of the Saigon River, where he is planning a riverside holiday resort. Nguyen Van Muoi Hai produces perfumes — including a brand called Charlie at US 20 cents a 12cc bottle — and pays his investors 15 per cent interest a month. Nhat Thuy and her husband make *designer clothes and go dancing to* live rock and roll bands twice a week.

Last Sunday, Po Thi Kieu Khanh, a 19-year old hairdresser, won a beauty contest — officially for her traditional Vietnamese *aodai* dress, though there was also a bikini parade. Like such contestants the world over, she said the right thing — "I love peace and hate betrayal in love" — and cried when she won. She was given Dong 1m, about $222, more than a Vietnamese civil servant's annual salary. The private-sector owner of the *aodai* shop promptly leapt on to the stage to advertise his address.

This is Saigon, as the Communist-named Ho Chi Minh City is again calling itself, re-establishing its role as the entrepreneurial centre of Vietnam. "The name Saigon reminds us of so much. Saigon people always fought to keep the place, so we keep the name," says Duong Van Day, director of Saigon Tourist, defending his promotional organisation's title.

It is now 14 years since the US ended its catastrophically bloody and unsuccessful attempt, in what was once a French colony, to defeat the Communist regime of North Vietnam. The world will never forget the 12-year Vietnam war, and Americans will live with the traumas and memories for generations.

But for Vietnam that is all in the past. Now a united Communist country, it is looking for perestroika-style peace after 45 years of war, and for capitalist-led economic prosperity. The Communist leadership realises that the country has failed to cash in on its neighbours' Asia-Pacific economic boom. It is among the world's poorest countries, with a GNP per capita as low as $130 a year, and a 700 per cent inflation rate in 1988.

Since 1986 Nguyen Van Linh, the 76-year old Communist Party chief, has been introducing slow-moving economic reforms which are to be pushed further later this month. The aim is to abandon Soviet-style controls and large scale projects and to encourage the private sector and small businesses. The Government also hopes that the planned early withdrawal of Vietnam's last 50,000 troops from neighbouring Kampuchea will end a US trade and aid embargo and unleash a flood of foreign aid and investment.

The pace of change, even in the past few months, is surprising the Vietnamese people. The streets of Ho Chi Minh City reflect the changes as its populace shake off Communist shackles. The streets are full of small, privately-owned shops and workshops selling goods at unregulated prices — along with pickpockets, wrist-watch snatchers and foreign currency touts with fake notes to catch the tourists.

***John Elliott** reports from Vietnam where, 14 years after the end of the war, the Communist leadership is pushing through a radical system of perestroika-like reform*

There are masses of smuggled goods, including electronic products and bottles of whisky sold on street stalls at duty-free shop prices. Teenagers gather every evening outside the old French-built opera house for motorbike and bicycle-wheelie races. Locals mix freely with foreign visitors, whereas a year or so ago they would have been frightened to do so. Mass in the Catholic cathedral is attended at weekends by several hundred people.

Nightly dancing to live bands has boomed in the past year or so, having been permitted selectively since 1985-6. In Saigon's Cuu Long Hotel (formerly the Majestic), where *dancing was banned till last* year, 1960s-style jiving is in vogue. At the old French coastal resort of Vung Tau, couples dance stylish versions of tangoes and foxtrots on the roof of the International Hotel till the national shut-down hour of 11pm.

Two hours flying time to the north in one of Hang Khong Vietnam's ancient Soviet-made turbo-prop airliners, the capital of Hanoi is making its own, slower and more stylish moves in the same direction. Architecturally this must be Asia's most unspoilt old colonial city, full of lakes and faded but sound classical French buildings.

There is the splendid dusty Metropole Hotel, now the Thong Nhat (Reunification), where the price of breakfast more than tripled, from Dong 1,500 to 5,000 (about $1) when foreign journalists arrived this month. The French-based Pullman group is about to renovate its Art Deco splendour in a $9m 15-year joint venture as part of the country's bid to cater for international tourism. Hanoi would eventually like to have three 500-bed foreign joint venture hotels.

This is a time-warp place from the 1950s, with none of the south-east Asian bustle of Ho Chi Minh City. But even here there are privately-owned, well-stocked bazaar stalls and shops selling goods, which include Chinese beer smuggled across the border. *There are bars around the lakes, and small* restaurants with names such as the Piano Bar (complete with piano and violinists), and "202."

Crashed US B-52 bombers are a major tourist attraction. There is one in a field outside the city, another in a park and a third in a war museum, its remains scattered underneath a triumphant MIG-21 fighter. The body of Ho Chi Minh, the country's founding father, chemically preserved since his death 20 years ago, lies on public view inside a Cuban-built Soviet-style mausoleum. Visitors — after five searches — are escorted by unsmiling guards across a deserted ceremonial road into the darkened heart of the mausoleum. The leader lies on a plinth inside a glass screen, which has flaws in the glass that make it seem as if the face muscles move.

To Vietnam's leaders the mausoleum is a symbol of the freedom that country has fought for over 45 years. But for the people of the south, the gaunt, grey monolith is a symbol of the heavy hand of Hanoi's totalitarian bureaucracy, which makes economic reforms difficult and slow.

"There are two issues to reforms — perception and execution," says Nguyen Xuan Oanh. "The leaders realise that we must do things differently, but to carry them out you need cadres, and we don't yet have the right cadres for the jobs." Oanh was an acting prime minister in the pre-*liberation era, a one-time Harvard professor* and IMF executive. Now he is back in Ho Chi Minh City as a government adviser and a leading critic of bureaucratic inertia.

"Financial reform still leaves much to be desired," he says. "Look at the inefficient management in the State (central) Bank — they were trained in Moscow and Hungary and don't understand anything."

Some entrepreneurial activity has continued throughout the 1980s in the city. The best example is Madame Nguyen Thi Thi, a 67-year old liberation-fighter turned bureaucrat and businesswoman. In 1980 she set up what is now HCM City Food Company at the request of Linh, then the city's Communist Party secretary, to provide most of the city's provisions.

"We are a state-owned corporation applying capitalist ways of management. Hanoi cannot hold me back, they have to follow me," she says. HCM has an annual turnover of Dong 400bn, including 20 per cent exports of production of packaged foods. Thi hopes to double exports this year because the Government has for the *first time allowed her to organise her own* sales, without a state-owned intermediary.

Her company has built the country's first, albeit small, oil refinery, with a 40,000 tonnes a year capacity, and plans export-oriented factories to produce rice husk, pig food and mono-sodium glutomate. She is chairman of the local Bank for Industry and Trade, the country's first commercially-based bank, set up in 1987, and has talked of starting a foreign joint venture airline with Iberia of Spain.

But the small entrepreneurs could not have got going without the 1986 reforms. People such as the orchid and perfume producers say that before 1986 they could only have small, co-op based businesses with no shop front. "Now I can have perfume shops and a large scale business," says Nguyen Van Muoi Hai, 29, who has dozens of people waiting to lend him money queueing outside his ostentatious five-storey house in a poor part of Ho Chi Minh City. He drives two cars, one a new Peugeot 505.

However, such flashiness obscures the *country's deep problems. The time-warp is* not just Hanoi — it affects rural, poverty-stricken villages away from the areas of rich green paddy fields. Here there is serious malnutrition.

The infrastructure, burdened with years of inefficient Soviet projects, barely functions. Roads are crumbling, bridges lie broken after the wartime bombing raids, the railway system creaks. Apart from a recently installed Australian telecommunications centre, there is little new technology.

This is a country stricken by its 45 years of wars and the heavy hand of Communism. That is mainly why hundreds of thousands of boat-people have left illegally in the past ten years. Now they are fleeing not from a tyrannical political regime, nor even Ethiopian-style starvation. They are attracted by the stories of the supposed glitter of surrounding wealthy countries.

"We are bottom of the totem pole," says Oanh. "But the wheels of change have turned, and the reforms we have started are irreversible. The pace may be slowed — *though I don't think that will happen* — but it cannot be stopped."

TWENTY-TWO years ago Richard Anderson was in the US Army, fighting the Viet Cong in Vietnam's central highlands. Now in his mid-40s he is back, running a team of American war veterans building a health clinic in Vung Tau, a seaside resort which the French called Cap St Jacques, east of Ho Chi Minh City.

"I had some animosity towards the Vietnamese, but I've got over that by working with them. I see that the war is forgotten and that Vietnam really needs the US to help its development. If you kill or injure 5m of them there should be something left to be done," he says. "People want to heal the wounds of war and we want to help the country back to stability."

Anderson is one of hundreds of US war veterans who are making the pilgrimage back to the scene of the 1963-75 carnage where 1m Vietnamese were killed and 4m injured. This week a group of American doctors has been in Ho Chi Minh City, carrying out eye and plastic surgery operations.

Others — including some French Army veterans from earlier campaigns — are tourists. But all have the same motives and the same basic problem, known as post-traumatic stress disorder. They want to sort out their own depressions, nightmares and consciences and to rediscover a country where they briefly did massive damage but knew nothing of their surroundings.

They see themselves in historical terms, fulfilling the need of all veterans to return to their war zones — although they have more anguish and pent-up anger than most others. "I met a Viet Cong doctor the other day who told me that during the war he was in the Central Highlands and knew exactly where all our bunkers were," says Anderson. "Twenty years ago I would have killed him, but now . . ."

Many of those who have returned have been surprised by their friendly reception. In Vung Tau children run after them and parents chat, while groups of grumpy Soviet tourists are ignored until they want to barter goods for local products.

Roger Shane, an electrical contractor, worked on helicopter maintenance in the war. He is looking for possible electronics joint ventures. "There hasn't been a day when I haven't thought about Vietnam — the thoughts have been positive, but I had to come back to see what I can do."

"We butchered people here, but the US has not given the country aid like it gave it to Germany, Japan and Korea. So I've joined up," says Ross Van Arx, another veteran.

The Vung Tau clinic is costing just over $31,000 and is being built in a couple of months by the team, who mostly come from Garberville in California. This seaside resort is a "soft" entry point for the veterans because it was an "R and R" retreat and the home of an Australian base, never a fighting zone. The next clinic is to be near Hanoi in the north, which will emotionally be a tougher assignment for the veterans who believed 20 years ago that their duty was to push back the Communists.

The war will figure in Vietnam's efforts to boost its fledgling international tourist trade of only 40,000 visitors last year. International hotel, resort and construction groups are investigating possible joint ventures. One might involve developing Cu Chi, the old Viet Cong underground base outside Ho Chi Minh City, with its 300 kms of tunnels where for 12 years the US failed to defeat the guerillas known as the Tunnel Rats.

The Long View

Gilts become surplus to requirements

BARRY RILEY

Gilt-edged traders are looking aghast at the latest projections for a rapid shrinkage of the government bond market

JUST OCCASIONALLY, the risks and returns in an important financial market fail to add up. Gilt-edged securities provide a fascinating example.

Over the past year, inflation in Britain has risen from 3 to 7¾ per cent, and is heading still higher, but the yield on long-dated government bonds has remained steady at just over 9 per cent. It is not that the market has a touching faith in the Government's ability to control inflation in the longer term. Rather, this represents one of the more extraordinary anomalies in the capital markets.

A massive structural change is under way, and a great bond market place is entering a serious decline. It hardly seems possible that, only two or three years ago, the new international market-makers admitted to the restructured gilt-edged market after the Big Bang were extolling the virtues of gilts for global investors: the market was large, varied and liquid. In particular, it offered long-dated opportunities rarely seen elsewhere, and certainly not in the Eurobond market.

Now, some £180m of losses later, the market-makers are reduced to being little more than pawns of the Bank of England's traders, as once-liquid issues are reduced to almost untradeable rumps. And, this week, gilt analysts were staring despairingly at the latest Budget projections.

Already last year, the market began to shrink: in the fourth quarter, the Bank bought in or redeemed £3.7bn of stock. This might not seem much in a market worth perhaps £130bn. But it was only the beginning. On Tuesday, the Treasury re-affirmed its gilt market strategy in the Budget Red Book: it will fully fund the net total of maturing debt, the public sector borrowing requirement, and the revenue effect of foreign exchange intervention.

Because the PSBR will actually be a public sector debt repayment — and, moreover, it will probably be so large as to make the grand total negative — the authorities will need, in the jargon, to "unfund." In plain English, this means they will have to move into the market and buy up stock.

Red Book in hand, the gilt market-men have gloomily been going over the sums again. The financial year 1989-90 happens to be a big year for maturities, with £12bn worth of gilts falling due.

This is a stroke of luck, for it means that most of the stock required to counter-balance the PSDR will be mopped up from very short-term holders, and there will be less opportunity for the Bank of England to buy-in long-dated gilts, which is where much of the investment action lies normally.

On the basis of the Treasury forecast of a £14bn PSDR for 1989-90, the authorities will need to buy around £3bn of gilts in the market, representing an overall £15bn shrinkage in the market as a whole. However, the Bank of England's traders are unlikely to have caught up fully with the size of the PSDR for 1988-89. They may, therefore, carry over a shopping list for gilts worth several billion into next year, starting in April. Moreover, the Treasury might well be underestimating the surplus deliberately, just as last year's £3bn PSDR projection is now turning out to be £14bn.

Taking these extra items into account, the gloomiest estimate I have seen this week for the impending 1989-90 contraction in the gilt-edged market is £23.5bn (nearly a fifth of the aggregate capitalisation), implying the need for the Bank to buy about half that quantity through the market.

All these calculations are sensitive to the rate of growth of the economy (a recession would quickly cut back the PSDR). There is also the question of foreign exchange intervention. By supporting sterling, the Government would increase its need to buy-in gilts (although it might not do so immediately). In effect, it would be repaying the sterling National Debt out of the foreign currency reserves.

The Government insists, however, that there is no plan to pay off the National Debt. It is true that Patrick Minford, the rogue monetarist from Liverpool, has pointed out that the cost of a future reduction in inflation to zero would be minimised if the Government were to eliminate all its fixed interest long-term liabilities first. Then, those bond-holders would be deprived of a huge future windfall. But I find it hard to swallow the idea that evil Treasury geniuses are plotting to close down the gilt-edged market and then join the EMS.

Rather, the gilt-edged market is being squeezed out in an unplanned way by the surge in private sector credit growth which has forced the Government into its fiscal surplus. In the process, institutional inflexibility has led to a serious mispricing. One consequence is that a window of opportunity has opened for corporate treasurers to borrow relatively cheaply in what is likely to prove a weak currency. They could make a quick turn by re-depositing the proceeds in the short-term money market.

And it is an interesting question whether the anomaly is likely to contaminate the equity market. Arguably, the flood of money exiting from the gilt market has already contributed to the strength of UK equities this year.

One of the key analytical measures for assessing the relationship between gilts and equities is the yield ratio which, at just above 2, indicates that equities are still comparatively cheap. But suppose, hypothetically, the undistorted long bond yield were, say, 12 per cent? Then the ratio would be nearer and, on historical precedents, equities would look decidedly vulnerable.

At some point, the domestic institutions will become wary of the technical strength of UK equities and will look for better opportunities overseas. That is when the capital market distortions will begin to unravel.

CONTENTS

MARKETS

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AAF Investment	Dec	7,850	(12,660)	13.9	(16.6)	6.5	(5.0)
ABB Kent Hldgs.	Dec	8,580	(6,530)	7.0	(5.0)	3.5	(3.0)
Alliance Trust	Jan	22,642	(20,623)	31.3	(27.8)	31.0	(27.5)
Antler	Dec	1,630	(1,110)	17.7	(12.2)	6.0	(3.5)
ASD	Dec	6,450	(3,240)	58.7	(29.4)	12.0	(9.5)
Automated Sec.	Nov	19,100	(15,200)	18.6	(14.2)	2.7	(2.18)
Ayrshire Metal	Dec	2,470	(988)	31.7	(13.2)	10.5	(2.0)
Baltic	Dec	11,820	(7,320)	17.0	(14.2)	3.36	(2.8)
Bardsey	Dec	1,510	(802)	5.36	(3.17)	0.75	(0.25)
Baynes Charles	Dec	1,680	(1,000 L)	1.83	(-)	0.5	(-)
Beaford Group	Dec	1,640	(1,220)	14.3	(11.9)	4.6	(4.0)
Bedford William	Dec	293	(817)	4.2	(11.0)	1.0	(4.85)
Brit. Aerospace	Dec	236,000	(159m L)	62.0	(-)	20.6	(18.7)
British Vita	Dec	37,500	(28,300)	20.0	(16.7)	6.5	(4.56)
BTR	Dec	819,000	(590,000)	28.7	(23.6)	12.0	(9.7)
Camellia Investa	Dec	1,730	(1,590)	47.7	(47.2)	20.0	(17.0)
Candover Invest.	Dec	2,132	(1,210)	18.7	(10.1)	15.5	(9.0)
Carbo	Dec	3,630	(3,090)	17.0	(14.2)	5.7	(-)
Cattle's Hldgs.	Dec	7,540	(4,850)	7.57	(5.71)	3.25	(2.5)
CCA Publications	Dec	1,540	(300)	8.0	(4.2)	-	(-)
Citygrove	Nov	5,540	(2,180)	30.0	(20.0)	7.5	(4.0)
Clarke Nickolls	Dec	4,240	(1,530)	28.9	(8.93)	4.5	(3.5)
Clarke T.	Dec	2,520	(1,540)	16.0	(9.72)	5.0	(3.21)
Coats Viyella	Dec	135,200	(212,800)	16.1	(29.0)	9.0	(8.0)
Daily Telegraph	Dec	29,100	(580)	22.5	(0.8)	-	(-)
Delaney Group	Dec	2,940	(2,890)	8.4	(8.3)	3.9	(3.5)
Doeflex	Dec	1,230	(1,160)	9.47	(8.79)	3.5	(3.45)
DRG	Dec	68,200	(50,170)	39.6	(34.4)	12.9	(10.7)
FH Fact	Dec	582	(457)	-	(-)	-	(-)
Fairway (London)	Dec	455	(905)	3.53	(6.78)	2.5	(1.5)
Fisher James	Dec	3,060	(2,810)	8.44	(6.71)	4.0	(3.6)
Gordon Russell	Dec	4,330	(2,620)	24.6	(16.1)	7.4	(6.0)
Hibernian Group	Dec†	13,070	(10,760)	13.6	(10.8)	4.3	(3.9)
Hickson Int'l.	Dec	26,900	(20,100)	20.6	(15.7)	6.75	(5.63)
Hillsdown Hldgs	Dec	150,900	(110,150)	25.8	(21.5)	6.0	(4.75)
Jacques Vert	Jan	4,720	(4,010)	32.7	(28.0)	-	(8.5)
Jaguar	Dec	47,500	(97,000)	15.8	(33.8)	11.0	(10.5)
Johnston Press	Dec	4,220	(3,030)	12.0	(9.2)	3.5	(-)
Kerry Group	Dec†	12,300	(6,110)	9.4	(6.63)	1.82	(1.65)
Klein. Small. Co	Jan‡‡	1,049	(797)	3.75	(3.8)	3.875	(3.23)
Kode Int'l.	Dec	409	(2,740)	4.8	(30.7)	10.0	(15.5)
Laidlaw Thomson	Dec	1,300	(1,160)	12.6	(11.9)	5.12	(4.79)
Lancaster	Dec	4,400	(2,890)	16.8	(13.0)	4.0	(2.1)
Legal & General	Dec	132,500	(68,300)	20.2	(11.0)	13.5	(11.5)
Low & Bonar	Nov	22,200	(20,590)	18.7	(17.5)	7.0	(6.0)
Lowe Howard	Dec	15,600	(11,140)	38.0	(30.4)	12.0	(10.0)
Lyon & Lyon	Dec	927	(480)	19.7	(5.56)	5.76	(4.8)
Merch. Manufact.	Dec	4,320	(2,110)	13.1	(9.2)	3.0	(-)
Merchants Trust	Dec‡‡	12,342	(9,930)	8.86	(5.41)	6.6	(5.4)
MY Holdings	Dec	3,610	(2,270)	6.31	(4.02)	2.05	(1.5)
Northern Eng.	Dec	36,500	(32,200)	7.97	(6.23)	5.75	(5.25)
Oakwood Group	Dec‡	2,210	(247 L)	38.1	(-)	5.0	(1.0)
Pacer Systems	Dec°	1,100	(2,617)	0.13	(0.26)	5.5	(5.5)
Palme Group	Dec	3,170	(2,140)	11.1	(7.47)	3.7	(3.0)
Pentland Ind.	Dec	58,730	(67,660)	13.0	(13.5)	1.5	(0.63)
Perkins Foods	Dec†	2,840	(662)	5.9	(3.5)	2.5	(1.8)
Perry Group	Dec	8,350	(5,450)	28.6	(18.1)	9.0	(7.3)
Premier Brands	Dec	20,500	(17,980)	32.5	(26.0)	-	(-)
Process Systems	Dec°	218	(11,030 L)	-	(-)	-	(-)
Refuge Group	Dec	14,770	(9,810)	27.0	(18.7)	21.0	(18.0)
Rover Group	Dec	65,700	(19,700)	-	(-)	-	(-)
Rural Planning	Dec	680	(480)	8.71	(4.85)	2.2	(1.0)
Sale Tilney	Nov	6,280	(7,900)	15.0	(21.0)	10.5	(10.0)
SD-Scicon	Dec	13,350	(7,383)	4.01	(3.84)	0.75	(0.65)
Second Mkt. Inv.	Dec	112	(104)	0.62	(0.57)	0.38	(0.33)
Shorco Group	Dec	890	(320)	17.3	(9.9)	4.5	(1.85)
Simon Eng.	Dec	32,400	(23,500)	32.8	(24.4)	13.5	(11.5)
Singapore Rubber	Dec	564	(330)	3.04	(1.93)	1.55	(1.1)
Sotheby's Hldgs	Dec‡	62,000	(39,000)	2.20	(1.54)	-	(-)
Spandex	Dec	4,130	(2,740)	24.5	(16.0)	4.25	(3.0)
Sphere Inv. Tst.	Dec‡‡	1,530	(297 L)	1.25	(-)	2.062	(1.55)
T&N	Dec	91,300	(77,300)	26.4	(23.3)	9.6	(8.5)
Transport. Dev.	Dec	47,090	(43,550)	21.4	(20.0)	9.5	(8.5)
Tullow Oil	Dec†	410 L	(283)	-	(-)	-	(-)
United Biscuits	Dec	170,200	(147,000)	25.2	(22.9)	12.5	(11.0)
Wassall	Dec	502	(56)	8.1	(3.0)	1.0	(1.0)
Wood Arthur	Dec	361	(325)	11.9	(10.1)	3.86	(3.5)
Wyevale Garden	Dec	1,430	(754)	15.9	(9.5)	4.5	(2.9)
Youghal Carpets	Dec†	990	(603)	0.67	(1.04)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Armstrong Equipment	Dec	2,900	(3,400)	1.26	(1.1)
Attwoods	Jan	8,510	(5,730)	2.5	(2.0)
Bellway	Jan	5,670	(3,316)	4.0	(3.0)
Bolton Group	Oct	443 L	(42 L)	-	(-)
Caird Group	Dec	1,700	(468)	2.6	(1.0)
Close Brothers Group	Jan	5,090	(3,120)	2.2	(1.65)
European Leisure	Dec	1,430	(131)	0.5	(-)
Gent SR	Dec	1,020	(606)	1.0	(0.5)
Glaxo Holdings	Dec	460,000	(397,000)	10.0	(7.0)
Interlink Express	Dec	3,420	(3,080)	3.75	(3.25)
Logica	Dec	7,440	(5,440)	1.0	(0.7)
MAI	Dec	23,600	(24,410)	1.2	(1.2)
Modminster	Dec	420	(498)	1.4	(1.17)
Noble Raredon	Nov	119	(248)	-	(-)
Pegasus Group	Jan	1,300	(863)	3.37	(2.25)
Pict Petroleum	Dec	264 L	(85)	-	(-)
Pochin's	Nov	1,460	(755)	4.0	(4.0)
Precious Metals	Jan	138	(417)	-	(-)
Raine Industries	Dec	10,190	(4,831)	1.5	(1.0)
Renishaw	Dec	3,550	(2,780)	1.4	(0.8)
SelecTV	Sept	42 L	(73 L)	-	(-)
Sirdar	Dec	3,650	(3,910)	1.65	(1.65)
Synapse Computer	Dec	463	(413)	-	(-)
Tay Homes	Dec	2,640	(131)	1.0	(0.66)
Thorpe FW	Dec	366	(726)	2.5	(2.2)
Trusthouse Forte	Jan●	26,000	(22,000)	-	(-)
TSW	Jan	1,620	(1,960)	1.15	(0.9)
Unigroup	Dec	508	(128)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.# net income, US dollars.● first quarter figures.† this years figures for 15 months.† Irish punts & pence.‡‡ gross revenue.° dollars & cents.‡‡ net revenue.

RIGHTS ISSUES

Noble Raredon is to raise £4.16m via a 2-for-7 rights issue at 100p.
Parkdale Holdings is to raise £11.2m via a 11-for-15 rights issue at 80p.
Pict Petroleum is to raise £9.2m via a two-for-five rights issue at 90p.

Results Due tables and report Page IV Interest Rates table, page VIII

LONDON

Nothing will go wrong, if everything goes right

PERHAPS THE Chancellor should have put a tax on the word "boring." Whatever happens to interest and inflation rates or to consumer spending, the inexorable upward trend in the use of this dismissive epithet showed no sign of abating this week. Have nothing insightful or imaginative to say about the Budget? Call it "boring" and bring debate to a close.

The equity market certainly found very little new or remarkable in the Budget speech or in Nigel Lawson's subsequent amplifications. But that was largely a healthy sign – a step away from the "surprise, surprise" school of policy-making. The Budget simply confirmed what had become patently obvious since February: the fight to control inflation will take priority, and interest rates will stay high – and may even rise again – for as long as necessary to achieve that goal.

The stock market had its best day on Budget day itself, but most of the 22.4-point advance had been achieved before the Chancellor even stood up. Tuesday also marked the high point of the week, as shares slipped back each day afterwards – not in response to anything Lawson said or failed to say, but simply because they were unable to find anything new to sustain the delicate economic background.

Most analysts left their short to medium-term forecasts marked by cautious optimism, seeing the market in a relatively tight trading range and probably ending the year higher than now. The phrase of the week came not from the Chancellor, but from Warburg Securities, which qualified its modestly bullish year-end forecast with *provided everything goes right*.

For Britain's brewers, that is almost too much to hope. As if there was not enough anxiety about the Monopolies Commission's report on tied estates, due next week, the European Commission threw in a bombshell on Thursday, saying that it would investigate the peculiarly British system of pub ownership regardless of what the UK Government decided.

This blew the froth off any post-Budget euphoria at beer having escaped any rise in excise duty, and brewing shares led the market sharply lower on Friday morning.

Worse was to come in the afternoon. A 1 per cent rise in US producer prices in February renewed fears of further monetary tightening by the Federal Reserve. The possibility of another global round of interest-rate rises sent the market plunging. Closing at 2073.1, the FT-SE 100 had lost 39.5 points in a single day and 12.1 points on the week. "Provided everything goes right"?

Very little went right in 1988 for Jaguar, which reported pre-tax profits down by more than 50 per cent to £47.5m as the result of heavy currency losses, and disclosed that two international motor groups had offered it "protection" against takeover bids in the early 1990s, after the Government's golden share expires. Analysts forecast a third successive fall in profits this year, but Jaguar increased its dividends for 1988 to 11p, a pay-out covered less than 1¼ times by earnings.

There was much better news from Rover, the formerly state-owned volume car manufacturer which has been part of British Aerospace since last September. Rover more than trebled profits before tax and interest to £65.7m in 1988, although the four-month contribution to its new owner was £35m. Altogether, BAe's pre-tax profits hit a record £236m, against last year's £159m loss after exceptional provisions. Military aircraft orders and support services was the bright spot, but commercial aircraft suffered another trading loss.

The two best results of the week came from the two largest companies to report. Glaxo, Britain's biggest drugs group, comfortably beat forecasts with interim pre-tax profits of £460m, a 21 per cent advance on the same period of 1987.

BTR, the industrial conglomerate, brought in a 39 per cent increase in pre-tax profits to £819m for 1988. Both BTR and rival Hanson are likely to break the £1bn pre-tax threshold in their current financial years.

In the food business, United Biscuits showed that it had comfortably digested Ross Young's, the frozen foods group it bought from Hanson for £335m last year, although the interest costs of that cash purchase held UB's pre-tax profit growth to 16 per cent, or £170.2m in total.

Hillsdown Holdings, meanwhile, said that the scares over listeria and salmonella had cost it up to £10m in profits in 1988. The food, furniture and property company nevertheless lifted pre-tax profits by 37 per cent to £150.9m.

On the takeover front, Minorco's record £3.2bn offer for Consolidated Gold Fields, the mining and construction aggregates group, reaches its first closing date today, but this is unlikely to be more than a technical milestone.

The Gold Fields of South Africa group, which owns 7.5 per cent of Gold Fields, gave the defence a shot in the arm by confirming that it would not accept Minorco's current terms. Moreover, GFSA said, it would not throw in its lot with the Luxembourg vehicle of the Anglo American/De Beers empire unless an offer had already been declared unconditional.

The effect on Gold Fields' share price was immediate; it was one of the few blue islands in Friday's lake of red. Gold Fields ended the week at £14.52, compared with the £14.18 value of Minorco's cash-and-shares bid.

Minorco itself reported earnings, before extraordinary items, of $136.1m for the six months to December 31, saying this was a 32 per cent improvement on the comparable half after making allowance for accounting changes.

Indirectly, Gold Fields could draw some encouragement from successful defences in two smaller battles. Ricardo Group, a designer of engines and transmissions, fended off First Technology's £23m bid, and Clydesdale Investment Trust called time on its quest for Baillie Gifford Technology, a £10m specialist trust, even though it could have extended the offer by another 18 days.

Plessey's share price, meanwhile, was caught in a whiplash. First, the electronics group's stockbroker, UBS *Phillips & Drew, conceded that* there was a good possibility that the Monopolies Commission would clear General Electric Company and Siemens to bid for its client and that they could well succeed with an offer above 300p.

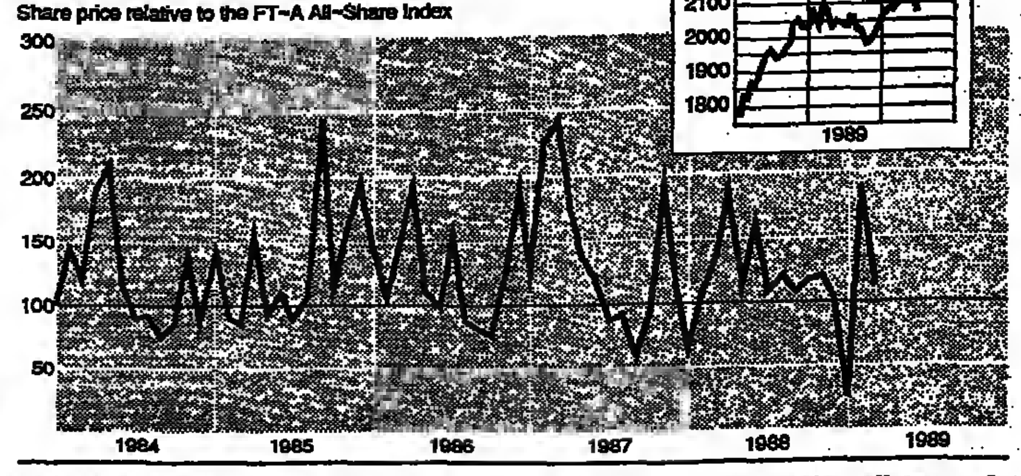
Then, however, it emerged that the Ministry of Defence remained concerned about the consortium's revised proposals, and that it had urged the Government to require GEC Siemens to sell off Plessey's sonar business if the bid succeeds. From the week's peak close of 268p on Monday, Plessey ended at 256p on Friday.

Next week brings the high-water mark of the calendar-1988 reporting season as companies jostle for position to get their results away before Easter. Whatever it is, it won't be boring.

Clay Harris

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988/89 High	1988/89 Low	
FT Ord Index	1705.5	-19.4	1761.1	1385.0	Uncertain budget response.
Accord Publications	115	+30	183	65	Demand in thin market.
Antofagasta Hldgs.	418	+32	427	205	Superb annual figures.
Berry, Birch & Noble	60	-20	120	55	Warning of losses for year.
BP	293½	+23½	302	233	Gearing to rising crude oil prices.
Dunloe House	65½	+21⅝	70½	33	Clayform buys 29.9% stake.
Enterprise Oil	594	+35½	695	257	Elf Aquitaine bid speculation.
Greenall Whitley	305	-22	335	178	Bid speculation fades.
Legal & General	345	+23	359	252	Budget news. Profits surge 94%.
Miller (Stanley)	228	+32	243	56	Newcastle development go-ahead.
Pilkington	257½	+11½	273½	186	Japanese buy stake in subsidiary
Quotient	115	+20	257	85	Bid speculation.
Rosehaugh	658	+79	793	469	Continued bid speculation.
Sage Group	301	+22	305	169	Budget proposals.
Transport Dev.	243	-19	273	205	Disappointing figures.



WALL STREET

A parting of the ways?

NO, INFLATION in the US economy is not running at 12.6 per cent. No, there is unlikely to be an abrupt tightening of monetary policy, leading to a disastrous recession in the near future. But yes, the US financial markets are right to be horrified about yesterday's producer price index, which showed wholesale prices rising by a full percentage point for the second month running and represented the worst consecutive run of inflation figures since April 1981.

Having said that, one must also concede that the investment implications of all the recent economic statistics, including Friday's much worse than expected producer price figures, are not as unambiguously negative as many analysts appear to believe. What all the figures are pointing to is a fairly strong economy, driven primarily by domestic demand rather than foreign orders, and fully up against its capacity and employment limits.

That was apparently good news for both the US bond and stock markets. Yet the stock market's performance recently has had a decidedly more solid feel to it than the bond market's.

In fact, this was the second Friday in a row when the stock market reacted with unexpected aplomb to a major inflationary shock. The fall in the unemployment rate from 5.4 per cent to 5.1 per cent last Friday was arguably even worse news for US inflation prospects than yesterday's PPI figure.

This behaviour suggests a surprising but very important investment conclusion, at least for relatively short-term speculators in the equity market. Provided yesterday's sharp decline in the Dow generates no follow-through next week, it may be time to ask whether the bond and stock markets are now ready to part company. The conditions may now be in place for stock prices to resume their rise, even while US bond prices continue on an unsteady but ultimately irresistible decline.

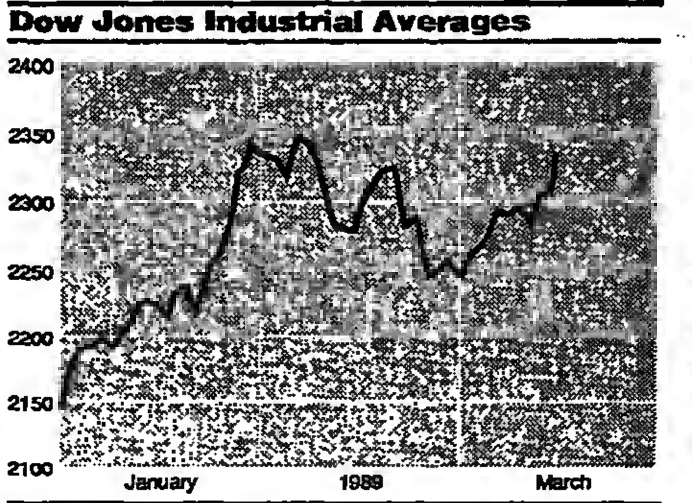
The current conventional wisdom on Wall Street holds that any such divergence is almost a logical impossibility. A fall in interest rates is seen as the necessary and sufficient condition for any further significant gains in share prices. In reality, however, it is quite possible for the stock and bond markets to part company for an extended period as inflation gradually accelerates. For, while inflation is the implacable enemy of every kind of bond investor, higher prices can actually do the equity market a power of good, at least in the short term.

It is the battle against inflation, rather than inflation itself, that destroys corporate profits and creates carnage in the stock market. But until that battle is seriously joined – and that means, essentially, until the American public feel that inflation has become such a serious problem that they are willing to accept recession as the lesser of two evils – it is quite possible for share and bond prices to move in opposite directions.

Indeed, this is precisely what happened exactly two years ago in the summer of 1987. Between April 1 and August 25 1987, the Dow Jones Industrial Average advanced by 18 per cent from 2,300, more or less where it is today, to its all-time peak of 2,722. During the same two and a half months, the yield on the Treasury's 30-year long bonds rose by more than a full percentage point, from 7.8 to 8.9 per cent.

We all know, of course, what happened at the end of that heady summer. As bond yields rose over the 10 per cent mark just before Black Monday, Wall Street gave up in one day what it had gained in two years. Eventually, a similar fate would almost certainly befall a 1989 summer rally once the Fed finally took really drastic steps against inflation. Before that point is reached, however, there may be several months of trading opportunities for speculators with quick reflexes and strong nerves.

Anatole Kaletsky



Monday	2,306.25	+ 24.11
Tuesday	2,306.25	Unchanged
Wednesday	2,320.54	+ 14.29
Thursday	2,340.71	+ 20.17

JUNIOR MARKETS

A fillip from foreign fields

CHEERED BY a glitzy banquet to mark its annual award ceremony, the Unlisted Securities Market was in celebratory mood this week. Plaudits flowed thick and fast in the direction of the award winners. These were Parkway Group, the pre-press production company; Printech International, the Irish computer manual company; and Derek Cook of D C Cook, the car dealer. They walked off with the prizes for the top USM company, the top USM overseas company and the top USM entrepreneur of the year respectively.

However, members of the USM found a plethora of other reasons for mutual back-patting, among which its growing internationalism was particularly topical.

This trend was underlined by two pioneering moves this week. One was by Bleinheim Exhibitions, which became the first USM company to get an introduction on the Second Marché of the Paris Stock Exchange. An equally innovative move in the reverse direction was made by R&V Information Systems, a computer systems house, which became the first Dutch company to join the USM.

Bleinheim's decision to cross the channel is in a large part a publicity exercise, following a spate of acquisitions which put almost a third of its shares in French hands. "It is a demonstration to our French employees, the financial community and commerce that a major portion of our stock is held by the French," says Neville Buch, chairman.

Bleinheim's example is likely to be followed by others, in the view of David Michaels, chairman of Guidehouse, a financial services house. "It is not going to be a rush, but there is no doubt that it will happen," he says. For one thing, overseas employees find it easier to identify with a company quoted in their own country. For another, companies with consumer products or services recognise overseas benefits from the publicity. These factors will also stimulate some Continental companies to seek introductions on the USM, he reasons.

Curiously, the motives for the two Continental companies currently on the market do not conform to these reasons. Technofan, a Toulouse-based aircraft fan manufacturer, joined the USM in 1982, since when it has had a profile so low as to be at almost vanishing point. The company has very few UK shareholders and the shares, which are also traded in France, change hands rarely in London.

Equally, the decision by R&V to float in the UK cannot be justified by extra publicity for its products or extra involvement for overseas employees. R&V has no plans to expand in the UK for at least the next 18 months. So why did R&V choose the USM rather than the Parallel Markt – the equivalent of the USM in the Netherlands?

One reason was the minimum share capital required by the Parallel Markt, which R&V would not have met when it first considered its flotation.

But more than that, R&V claims that its chief motive is the more dynamic and high profile nature of the London market. The Parallel Markt is far smaller than the USM, with just 80 companies, and furthermore, there is little involvement by private investors. There is far less publicity about companies on the market and rather less fluctuation in the share prices, R&V says.

Given the satisfactory start to dealings, which saw the shares go to a 10 per cent premium over their placing price, R&V's arguments have clearly been reasonably well received. Nonetheless, the sight of an overseas company shunning its own market in favour of a more expensive overseas quotation has raised some eyebrows in the City.

In part, this is due to a general worry of UK investors that they are less well informed about the prospects of overseas companies. Although they produce the same amount of financial information as do UK companies, it is clearly more difficult to visit the business and question the management. Further, investors do not have the comfort of much background knowledge about an overseas industry.

However, the bulk of investors' prejudices about foreign companies on the USM can be explained by the disastrous performance of US companies on the market.

From Nimslo, a 3-D camera maker to Mrs Fields, the cookie maker, the scale of the problems of US companies on the USM has only been matched by the degree of hype which accompanied their launches. So poor is the record of US companies that the City professionals who nominated candidates for the USM overseas company of the year award may have been hard pushed to find suitable high flyers.

Last year's winner and one of this year's runners-up was Pacer Systems, the US defence contractor. Pacer has won plaudits for keeping its UK shareholder base informed through bad times as well as good. Nonetheless, the loyalty to the stock among UK investors seemed a touch surprising on Tuesday, when its 1988 results revealed a $719,000 net loss.

Vanessa Houlder

Life assurance: the Armageddon that never was

IT MIGHT have been Armageddon: or so life insurers and the stock market would have had you believe. From mid-January until the Budget, shares in life assurance companies under-performed the rest of the market by about 5 per cent, as investors awaited news of whether or not the Chancellor would change drastically the industry's tax regime.

Estimates of the extra money the Inland Revenue was after had varied from £1bn to as much as £3.5bn. When the Chancellor actually came out with a tepid package of piece-meal reforms, to cost the industry an extra £45m in 1990-91, share prices had only one way to go. Legal & General, which started the week at 322p, was at 350p by Friday morning, while the sector's giant, Prudential Corporation, had risen 11p to 183p.

Has the sector much further to run? Probably not. True, the Chancellor's proposals were low-key, consisting of technical changes to limit life insurers' ingenuity in writing off high marketing costs against taxable income. But trepidation at what Lawson might do was only one of a number of anxieties which started to agitate investors last autumn.

Assuming the industry negotiates on details with the Revenue as effectively as it lobbied pliable MPs before the Budget, the tax threat has subsided, perhaps until the 21st Century. But the stock market is still perplexed by such nagging problems as the flat housing market and its dampening effect on sales of mortgage-related endowment policies, and the harsher regulatory climate life insurers face because of the Financial Services Act.

As a result, says Roger Hill of Warburg Securities, this week's gains mean that "most of the catching-up has been done. The share prices are about right for the moment." Especially so, since what some pundits predicted would be a rush of pre-1992 takeovers of UK insurers by predatory Europeans has failed to occur.

At bottom, the thing that ought to concern investors is that the UK life assurance industry will have to work much harder than before, as it adapts to the end of the go-go years it enjoyed for much of the last decade. At the moment, and with good reason, investor sentiment is lukewarm.

Price-earnings multiples are meaningless for life insurers, because their statutory accounts greatly understate earnings per share. Some stockbrokers' analysts produce their own actuarial appraisals of the value of life companies. But plain old-fashioned gross dividend yields are still the standard analytical tool.

And, on that basis, Prudential's shares are looking cheap. They were trading yesterday on a current yield of a 5.7 per cent, assuming that the Pru raises its dividend about 18 per cent next week, when it is expected to announce 1988 pre-tax profits of about £315m, up 30 per cent on 1987. L&G, after last week's news of a 94 per cent rise in 1988 pre-tax profits to £132.5m, is yielding 5.1 per cent.

The trouble is that 1988 looks like having been an Indian summer for the industry, when everything went the right way. House-buying surged until mid-year, and new-style personal pensions came on the market in July 1. But now some observers reckon that total new annual premiums, even including personal pensions, will fall 15 per cent to £2.45bn this year. That is still well above 1986's figure of £1.86bn, but a decline nonetheless in a market accustomed to dramatic growth almost as of right.

The shape of things to come in the 1990s will be determined, by the way the industry meets some big challenges. One – the flat housing market – is serious, especially for the Pru, with its estate agency chain, and L&G with its large mortgage-endowment business. But it could be a relatively short-lived phenomenon. Some of the other challenges are more fundamental.

Mostly, the nine quoted companies are under less of a threat than the mutual life insurers from the Financial Services Act, with its requirements for broader disclosure of marketing costs and its threat of driving independent intermediaries to the wall. Six of the quoted companies still have "home service" sales forces: a sluggish, but generally loyal and resilient marketing channel.

A deeper worry is that profit margins in UK life assurance face a squeeze. Everybody's expenses will rise if insurers continue their current scramble to expand sales forces and create captive sales networks by offering over-the-odds commissions to estate agents and building societies. And, while costs may increase, there is also a threat that life companies' investment returns will be poorer in the 1990s than they were in the mid-1980s.

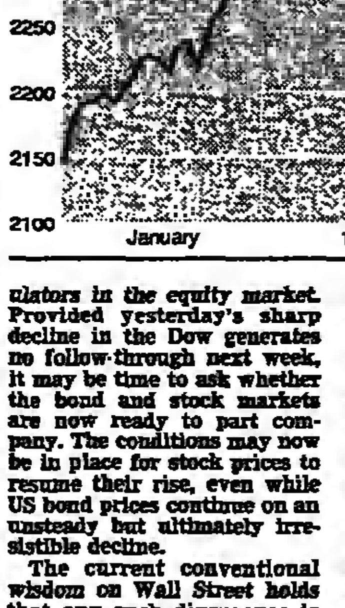
There are two further concerns. The first is the prospect of deteriorating non-life insurance profits at Pru and L&G. This is pretty much inevitable, given that results from UK household and motor insurance were exceptionally good last year, explaining the striking pre-tax profits advances from both companies.

Another intriguing question surrounds the Pru. A much more complicated company than outsiders realise, with the industry's deepest management resources, it has seen its share price undermined by fears that it will make a call on investors.

Its last rights issue was for £357m in 1986, the year when it bought US life insurer Jackson National. According to Kleinwort Benson Securities, the Pru may need as much as £200m of extra capital by the end of 1992, to support rising non-life insurance premiums, and Jackson's swift growth in sales.

Of that, £100m might come from unrealised capital gains from its investment portfolio, and £150m from retained profits – leaving a short-fall of a further £150m. Kleinwort is still bullish on the Old Lady of Holborn: but if the mighty Pru wants to grow still mightier, a rights issue looks distinctly possible.

Nick Bunker



FINANCE & THE FAMILY

THE BUDGET AND YOU

Lawson's cocktail for savers

With no change in basic tax rates, the Budget this year focused on the reform of taxes on savings vehicles and measures to encourage wider share ownership. **Barry Riley** assesses (this page) tha effect of the Chancellor's proposals.

Pension tax shelter attacked

Eric Short looks at how the proposed changes in the rules and regulations for pensions will affect the different categories — company schemes, personal pensions, *executive pensions* (page VI) and *AVCs – additional voluntary contributions* (page VII).

Family wealth warning

Richard Waters warns about the dangers lurking after the Chancellor's move to scrap the Capital Gains Tax holdover relief on gifts, which may mean changing your Will. **Page VI**

BES tax dodge blocked

The receipt of double tax relief on BES schemes by use of a close company has been stopped. But the Chancellor has also proposed wider changes for family business. **Richard Waters** explains why some family firms will be hard hit (this page).

BUDGET 89

THE MAIN POINTS AT A GLANCE

■ **Employee share and profit related pay schemes** improved, with extra tax concessions that may encourage the introduction of ESOPs (Employee Share Ownership Plans).

■ **Offshore funds lose out.** Unit trusts tax regime to change from January to compete on level terms with offshore funds. Corporation tax rate cut from 35 to 25 per cent, so investors in UK bond and gilt funds will no longer be penalised. Offshore "umbrella" funds, sold in Britain, will lose present advantage of being able to switch between sub-funds without incurring CGT liability.

■ **Reprieve for non-residents.** NOT included were expected moves to change tax status of expatriates and non-residents in Britain. Norman Lamont, Financial Secretary, told the Commons on Thursday that the proposals contained in a consultative document last July were not being pursued. It was felt that the plans to tax non-domicile UK residents on a worldwide income basis would drive away from Britain people who the Government would like to remain.

■ **NI help for lower paid.** National Insurance contribution rates changed to benefit lower paid workers. No contributions payabla on earnings under £43 a week and then new rate of only 2 per cent payable on next £43. After that tha full rate of 9 per cent is payable on weekly earnings up to new ceiling of £325.

■ **Charity payroll doubled.** Charitable donations encouraged by tax relief limit on payroll giving being doubled to £480 a year.

■ **VAT threshold raised.** VAT threshold for small businesses raised from £22,100 to £23,600. Profit limit for 25 per cent Corporation Tax rate increased from £100,000 to £150,000 and 35 per cent "floor" raised from £500,000 to £750,000.

■ **Personal tax limits up.** Income and capital gains tax rates were unchanged. However, personal allowances were raised by 6.8 per cent in line with inflation. A single person can, therefore, now earn up to £2,785 (up £180) before having to pay any tax, and a married man £4,375 (up by £280).

■ **Age allowances extended.** The extra tax-free age allowance for those over 65 was raised by 6.8 per cent, but older people received an extra concession. The age limit for the additional tax-free allowance, previously given to those over 80, has been lowered to 75 years. A single person over 75 can now receive £3,540 a year tax free and a married couple £5,565. Between 65 and 75, the tax-free personal allowances are £3,400 for a single person and £5,385 for married couple. Tha minimum income limit to qualify for the age allowance has been raised by £800 to £11,400. In future, however, the age allowance will be reduced by £1 for each £2 of income received above £11,400 instead of £2 for every £3 as previously.

■ **Earnings rule scrapped.** The earnings rule, under which pensioners lost state pensions benefits if they continued working, is to be scrapped with effect from October I.

■ **Other tax changes.** Schedule E assessment changed to payment being made on a receipts basis, so that people who receive income after the relevant tax year, are not liable to pay tax in advance. ● Inheritance tax exemption lifted from £110,000 to £118,000 in line with inflation.
● Capital gains tax exemption on sales of chattels (personal belongings) doubled to £6,000.
● Company car tax sales increased by ona third, but fuel scale charges unchanged.

Barry Riley analyses the effect of Tuesday's measures on wider share ownership

Why Lawson has changed tack

REFORM OF taxes on savings, said Nigel Lawson in his Budget speech, is intended to "strengthen and deepen popular capitalism in Britain by encouraging, in particular, wider share ownership." But the growth of share ownership has flagged during the past year. Since the market crash 17 months ago, the penetration of direct portfolio investment in UK equities has stalled at 20 per cent of the adult population - and, in most cases, investors hold small quantities of only one or two shares.

If the Abbey National flotation goes ahead in July, it could create a few million new shareholders, but only to the tune of £200 or so each. Then comes the water industry privatisation and, in 1990, the really big one, the electricity sell-off.

If they are cheap enough, these issues will attract the punters. But selling at a discount can be an expensive way of spreading the share-owning habit. In any case, many investors simply take the profits and run. The shares then wind up in the hands of the investment institutions.

In the early days of his chancellorship, Lawson was keen to reduce the role of the institutions. They represented a collectivisation of investment which clashed with the Conservatives' favourite theme of individual responsibility. So, in 1984 Lawson stripped the life insurance industry of its tax subsidy, called life assurance premium relief (although it is still enjoyed by holders of pre-1984 policies).

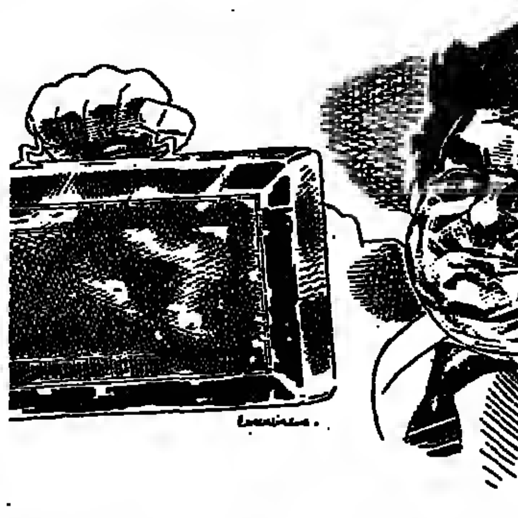
Then, in 1986 he introduced personal equity plans (*PEPs*) which were designed originally as vehicles through which private investors could hold only UK equities. Subsequently, they were modified to allow a minor element of investment in unit trusts or investment trusts. But they flopped, and fewer than 100,000 plans were sold last year.

PEPs did not work because they were too cumbersome and expensive to administer for small amounts of money. Also, the Stock Exchange and its member firms have proved very slow to respond to the challenge of wider share ownership. There is hot pursuit of "high net worth individuals," but many thousands of existing clients have been told by their brokers that they are too small to be worth bothering with. Eventually, a new electronic settlement system will make stock market dealing much cheaper. But not yet.

Accordingly, the Chancellor appears to have changed tack. He is supporting some institutions - but not others - with the general objective of encouraging stock market investment. In the process, he is playing down slightly the role of direct equity ownership.

The major decision is to expand the role of PEPs, and to allow as much as £2,400 a year a head to be invested in unit trusts and investment trusts. The key to their success in future will be in how they are marketed. They have been promoted only patchily so far, but PEPs may now prove to be powerful rivals to the life assurance companies.

PEP mortgagea are now starting to be launched and, with freedom from capital gains tax and income tax on dividends, plus the ability to invest in trouble-free unit trusts and investment trusts, it is now much more practicable to devise attractive long-term savings plans on the basis of a series of annual PEPs.



Life companies could be the big losers. At least this week they were spared the heavy new taxes which had been threatened last year by the Inland Revenue. But life funds still bear income tax and (in theory, at least) capital gains tax. They can fall back on the personal pensions business, which they dominate. But it is worth recalling that they lost their monopoly of this business last year.

Less eye-catching than the PEP changes, but nevertheless highly significant, are the pension changes. The Chancellor has made personal pensions more attractive for many people, particularly older employees, by raising the contribution limits for them - and also improving the attractions of additional voluntary contributions for employees. But he is clamping down on the role of pensioo plans as tax shelters for the very wealthy. This is logical, for not only will it cut down on avoidance of tax but it will re-orientate the rich towards direct stock market investment.

There is also promised to be scope for more modestly wealthy people, with personal pension plans to play a direct role in the management of the funds. And, of course, all-equity PEPs will continue and can now be built up at £4,800 a year. The wider share ownership theme continues and the Chancellor is providing that, in future, shares bought through new issues can be transferred over to PEPs.

How should all this affect an individual's savings philosophy? Starting with his house, he must not accept the first endowment mortgage plan that is offered to him. Some attractive options will appear over the next few months, but the average estate agency or building society branch tied to a single life company may not be able to offer them.

There is an important general point here. The tremendous success of the life industry in the past has been achieved not because life companies have delivered better investment results than, say, unit trusts, but because they have been marketed effectively. With change in the air, it might pay savers doubly to do some homework and seek independent advice.

As for pensions, the only kind of savings contract on which there is front-end relief against income tax, the opportunities have in many cases been enhanced. However, the potential for commutation to lump sums - for many people, the biggest attraction of pension arrangements - has been reduced at the upper end of the income scale.

Unfortunately, the successive changes in the rules are creating important differences between old and new policies, so expert advice is essential before any irrevocable decisions are taken. Far from levelling the playing-field, in many cases the Chancellor is creating a minefield.

Finally, for lump sum investments, not much is changed by the latest measures. But with PEPs now amounting to £4,800 a year (and £9,600 a year for a married couple), it makes more sense to shift existing portfolios into them progressively.

Revenue's 'unfair assault'

NEW RULES on taxing a special class of small companies will have two significant effects on business expansion schemes investing in rented property, and on family-owned investment and property companies.

The first represents an attack by the Revenue on an ont-and-ont abuse of the tax system. The second, on the other hand, will be seen by many small companies as an unfair assault on the viability of their businesses.

The tax changes relate to what are known as "close investment companies" which are controlled by five people or fewer and which are involved mainly in investment (rather than trading). Companies which trade in investments, such as property, count as investment companies.

In the past, it has been possible to claim tax relief for the interest on money borrowed to buy shares in any close company; this will now not be possible where the shares also qualify for relief under the business expansion scheme.

This blocks a tax dodge invented in September which enabled people investing in BES to get tax relief on their interest *as well as* the usual tax relief for the investment.

The Government has now stopped this – but not before about £100m had been invested with the benefit of the double tax benefit. No shares issued under a BES after last Monday will qualify for the interest relief.

However, investors who got in before the deadline will be able to continue to get relief for their interest costs.

In the second change, close investment companies will be hit by a tax rate of 40 per cent if they do not meet certain conditions. These are:

■ Those which receive most of their income from property must pay out at least 70 per cent of their profits each year as dividends.

■ Others must pay out at least 85 per cent of their profits.

These rules are to prevent people using a company artificially to build up wealth at the small company tax rate (25 per cent) rather than at the top personal tax rate of 40 per cent.

They will affect many family-owned property and investment companies and have already brought howls of protest from those affected.

Richard Waters

FINANCE & THE FAMILY

The Week Ahead

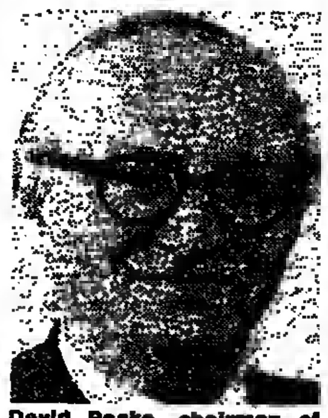
Results season in full swing

THE FOUR trading days in the run-up to Easter are crammed with interim and final profits figures from some of the country's biggest companies.

Wednesday brings another clutch of bank results. Kleinwort Benson and Morgan Grenfell, two of the City's leading merchant banks, will report their 1988 finals, and both will bear scars from the slump in the markets.

Kleinwort Benson's pre-tax profits are expected to be down by a third from last year's £84m, itself a come-down from the previous year's £79m. Kleinwort has been soldiering on with its equities and gilt-edged dealing businesses, even though both have been under severe pressure because of low turnover and intense competition.

However, David Peake, the chairman, is expected to restate Kleinwort's commitment to its investment banking strategy, though possibly with a more specialist emphasis.



David Peake, chairman of Kleinwort Benson

John Craven, chief executive of Morgan Grenfell

Morgan Grenfell is also likely to be well down, to little more than half last year's £60m. Morgan shook the City just before Christmas by shutting down its securities operations because of heavy losses and little prospect of recovery.

John Craven, the chief executive, is certain to point up the more positive prospects that Morgan enjoys now that it can concentrate on its successful fee-earning corporate finance business.

Rodney Galpin, the new chairman of Standard Chartered, will also be producing his first results on Wednesday. The bank is recovering from a period of upheaval and heavy losses, and should be firmly back in the black after last year's deficit of £274m. Analysts are expecting pre-tax profits around the £330m mark. But more important will be the terms in which Galpin lays out his strategy for the bank and manages to convince the market that he has a sound game plan.

Gone are the days when forecasting the results of Smith & Nephew, the medical and health care group, was a simple matter of adding on 20 per cent to earnings every year. The squeeze on the NHS, competition in the US glove business and problems in the denim business have led analysts to expect an announcement on Thursday of a 14 per cent rise in pre-tax profits to about £125m for 1988. Peninsular & Oriental Steam Navigation Company (P&O) reports its 1988 figures on Monday. They will reflect boom conditions at the Bovis construction subsidiary but will also have to bear the costs of the prolonged strike at European Ferries — estimated at £25m, to be taken above the line. Analysts expect a rise in pre-tax profits from £274.7m to around £315m.

RTZ is the world's biggest mining company, and is set to become even bigger with the proposed $4.4bn acquisition of BP Minerals. This is a good thing to be in an era of rising basemetal prices, and this should be reflected in the figures for 1988, due out on Wednesday. The company should see record pre-tax profits, up from £594.3m to £810m.

Annual results from three leading construction groups should give a good indication of the industry's current state after a period of strong growth.

On Monday, Rugby Group, the building materials supplier, is expected to record profits of around £70m. The cement market has been very strong throughout the year and demand looks set to continue with the Channel Tunnel project in progress and the rail link in view.

The results of George Wimpey, the construction and housebuilding group, due on Tuesday, will also reflect the buoyancy of their markets in 1988. Profits forecasts range from £125m to £140m. Continuing bid speculation has kept the company in the news.

John Laing, the *construction* company, is poised to report profits between £64m and £68m on Thursday. The lively housebuilding market will have carried it through the past year and may do so in the current year, but doubts hover about the longer-term.

Nearly all the tobacco analysts say that Bat Industries is undervalued, but the share price of the world's largest cigarette-maker shows that investors are still sceptical.

Next Wednesday's annual figures will show pre-tax profits of £1.61bn, against £1.39bn in 1987, says Mark Duffy of Warburg Securities: but the City is jittery over Proposition 103, the consumer revolt against insurance companies in California.

Having spent $5bn last year to buy Farmers Group, the Los Angeles-based motor insurer, BAT will be in the firing line if the California Supreme Court decides to uphold 103's most radical proposal, a 20 per cent compulsory cut in premiums. The court is due to rule before the second week of June. The stores results season is getting under way and analysts are bracing themselves for some nasty shocks, since it is now widely recognised that trading conditions are tough.

This week's two announcements are not expected to be among them, though. Burton reports interims to the end of February on Tuesday, with analysts looking for around the £115m mark against £109.5m last time.

Woolworth Holdings will report annual results, to the end of January, on Wednesday, for the first time under its new name, Kingfisher. Confusion is likely since last year's figures contained a number of odd items. The range of forecasts is from £160m to £170m against £135.4m last time, on the most conservative basis.

Booker, the international food, agriculture and health products group which reports its 1988 figures on Monday, has had a mixed year. The US agriculture business has suffered because of the impact of the drought on poultry foodstuffs, and mushroom farming has been ravaged by disease — although salmon farming has done well. Analysts expect pre-tax profits up from £64.3m to £78-£80m.

Cookson, the specialist metals and chemicals company, is expected to announce annual pre-tax profits of around £180m on Wednesday. Keen interest will focus on the performance of Tioxide, its joint titanium dioxide venture with ICI, which made a disappointing contribution at the half way stage. Cookson's recently-raised stake in Johnson Matthey will also be the subject of some debate. Rolls Royce's results, which are announced on Wednesday, are expected to show pre-tax profits in the region of £160-£165m down on beginning of year forecasts which were as high as £185m.

According to Piers Whitehead at Robert Fleming the revision was the result of Rolls' decision to compress its rationalisation and redundancy plans into 1988 with resulting costs in the region of £30m.

Bunzl, the paper and packaging group, reveals its final results on Tuesday for a year in which it encountered a series of difficulties. These ranged from the loss of an important franchise in its US building markets division to problems concerning the depressed transportation sector and at its subsidiary, Stewart Plastics. As a result profit forecasts for the year are in the region of £93-£95m compared with £85.7m last year.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Abbeycrest	Monday	0.65	1.35	0.9
Andaman Resources	Monday	-	-	-
Aran Energy	Monday	-	-	-
Banner Homes	Tuesday	-	1.3	1.1
Barker Charles	Thursday	1.1	2.1	1.2
BAT Industries	Wednesday	6.5	10.4	7.6
Bemrose Corporation	Tuesday	3.5	6.5	4.0
Bilston & Battersea Enamels	Thursday	1.5	2.7	1.5
Booker	Monday	5.4	10.6	6.0
Bostrom	Wednesday	-	-	-
Bowthorpe Holdings	Tuesday	1.05	2.227	1.26
Brake Brothers	Wednesday	0.8	1.9	1.0
Bredero Properties	Monday	1.7	3.3	2.0
Brent Chemicals International	Monday	1.1	4.1	1.25
Bridon	Wednesday	1.5	4.5	2.0
Britannic Assurance	Wednesday	4.83	9.2	5.6
British Mohair Holdings	Wednesday	1.4	6.1	1.4
BSG International	Tuesday	0.6	1.4	0.66
BSR International	Monday	0.4745	1.7825	0.7
Budgens	Monday	1.5	2.0	2.0
Bunzl	Tuesday	2.1	2.8	2.4
Burford Holdings	Tuesday	-	0.219	0.219
Cairn Energy	Tuesday	-	-	-
Cambridge Electronic Ind.	Monday	2.4	0.1	2.65
Central Independent TV.	Thursday	5.0	17.0	6.0
Christies International	Tuesday	3.0	10.0	4.0
Clayform Properties	Monday	2.8	5.7	3.1
Clyde Petroleum	Tuesday	-	-	0.5
Cluff Resources	Tuesday	-	-	-
Colorgraphic	Monday	1.33	3.17	1.66
Cookson Group	Wednesday	2.0	4.0	2.5
Dauphin	Monday	1.15	-	1.3
Davies & Metcalfe	Wednesday	0.63	1.75	0.6773
Dean & Bowes	Tuesday	1.5	2.5	2.0
Delta	Tuesday	2.9	6.1	3.4
Desoutter Brothers Holdings	Tuesday	2.7	8.4	3.0
Duncan (Walter) & Goodricke	Wednesday	-	20.0	-
Eadie Holdings	Tuesday	0.75	0.75	0.9
EBC Group	Monday	2.22	4.78	3.6
Edinburgh Oil & Gas	Tuesday	-	-	-
Emess	Wednesday	2.8	5.2	3.4
European Home Products	Monday	2.0	3.0	2.5
Evans Halshaw Holdings	Monday	2.0	5.0	3.0
Federated Housing	Tuesday	1.7	3.3	2.5
Fitch-RS	Wednesday	2.5	5.5	3.0
Floyd Energy	Wednesday	-	-	-
Food Industries	Tuesday	0.9	1.1	0.9
Garton Engineering	Thursday	1.25	3.75	1.5
Gaskell Broadloom	Wednesday	2.2	4.4	2.5
Geest	Tuesday	1.9	2.1	2.25
Guidehouse Group	Wednesday	-	1.0	0.4
Hall Engineering Holdings	Tuesday	4.6	7.4	5.5
Halls Homes & Gardens	Wednesday	1.2	2.55	2.0
Hambro Countrywide	Tuesday	0.85	1.75	1.1
Handley-Walker Group	Tuesday	-	-	1.8
Hepworth	Tuesday	3.5	6.3	4.15
Hewitt J & Son (Fenton)	Tuesday	1.0	4.0	1.0
Holders Technology	Wednesday	-	-	2.0
House of Lerose	Wednesday	3.0	6.7	3.0
Iceland Frozen Foods	Tuesday	1.45	2.9	1.7
IMI	Monday	2.75	4.25	3.15
Irish Distillers Group	Monday	2.0	5.65	2.2
Isle of Man Steam Packet Co.	Thursday‡	-	8.0	-
Jacobs John I	Tuesday	1.5	2.7	1.5
Johnson Group Cleaners	Tuesday	4.3	-	5.2
Jones & Shipman	Wednesday	1.15	3.0	1.15
Kalon Group	Tuesday	-	-	0.3
Kleinwort Benson Group	Wednesday	5.3	8.7	5.3
Kwik Fit Holdings	Tuesday	0.83	1.6	1.04
Laing John	Thursday	2.0	5.0	3.0
Laing Properties	Tuesday	4.0	5.0	4.5
Laporte Industries Holdings	Wednesday	4.4	7.9	5.0
Law Debenture Corporation	Tuesday	3.25	5.25	3.75
Lilleshall	Monday	0.38	1.725	1.0
Lilley FJC	Monday	-	-	0.5
Linread	Tuesday	1.25	2.5	1.5
London Forfaiting Company	Wednesday	-	-	2.825
London & Metropolitan	Tuesday	1.5	3.25	1.95
Macallan-Glenlivet	Wednesday	1.1	3.32	1.5
Manders Holdings	Wednesday	1.8	3.9	1.8
Martin Currie Pacific Trust	Thursday	-	0.4	-
Matthews Bernard	Wednesday	0.825	1.125	1.0
Mayborn Group	Thursday	1.2	2.3	1.3
MEMEC (Memory & Electronic)	Monday	1.125	3.0	1.4
Metalrax Group	Monday	0.73	1.99	0.86
Mining & Allied Supplies	Tuesday	-	-	-
Morgan Grenfell Group	Wednesday	3.85	7.0	3.85
Morrison William (Supermkts)	Tuesday	0.5	1.5	0.55
Myson Group	Monday	2.0	3.4	2.3
Norfolk Capital Group	Wednesday	0.15	0.3	0.18
North Midland Construction	Thursday	0.8	1.2	1.0
Pacific Sales Organisation	Monday	-	1.0	1.25
Parsons Penney & Co.	Tuesday	-	-	-
Peak	Tuesday	-	0.3	0.3
Peninsular & Oriental Steam	Monday	9.0	13.0	10.5
Plaxton	Tuesday	1.5	3.0	1.8
Propeller	Tuesday	-	-	-
Prudential Corporation	Tuesday	11.5	22.5	27
Relyon Group	Wednesday	1.65	3.25	2.1
Rentokil Group	Wednesday	1.2	2.075	1.44
Richards Group	Wednesday	-	-	-
River & Merc. American & Inc.	Tuesday	-	-	1.5
Rolls Royce	Wednesday	1.75	3.5	2.1
Rotork	Thursday	3.25	3.85	3.25
Royal Sovereign Group	Tuesday	1.0	3.6	1.2
RTZ Corporation	Wednesday	8.0	8.3	4.25
Rugby Group	Monday	1.88	2.375	2.3
Rutland Trust	Monday	0.1	0.14	0.21
Scott & Robertson	Monday	1.0	3.0	1.2
Season Holdings	Monday	-	-	-
Secure Trust Group	Thursday	-	-	-
Sharpe & Fisher	Tuesday	1.0	3.0	1.0
Silkolene Lubricants	Wednesday	4.0	5.0	5.0
Smith & Nephew	Wednesday	1.4	2.0	1.55
S'hampton IOW & SOE RM Steam	Tuesday	5.0	17.0	6.0
Spring Ram Corporation	Wednesday	0.363	0.3665	0.2
Stag Furniture	Wednesday	1.75	4.25	2.5
Standard Chartered	Wednesday	12.5	22.5	12.5
Steel Burrill Jones Group	Wednesday	2.7	7.3	2.7
Sumit	Tuesday	1.0	3.0	1.2
Telemetrix	Wednesday	-	-	-
Tibbett & Britten Group	Wednesday	1.5	3.0	1.9
Tilbury Group	Wednesday	2.2	7.0	2.8
Trade Indemnity	Wednesday	2.2	3.4	2.64
Trilion	Wednesday	-	-	-
Trinity International Hldgs.	Monday	7.0	18.0	1.8
Turriff Corporation	Wednesday	2.75	5.58	3.5
Tyndall Holdings	Wednesday	2.0	3.0	2.5
VG Instruments	Wednesday	1.5	3.0	1.9
Western Motor Holdings	Tuesday	-	5.0	3.6
Willaire Group	Monday	-	0.25	0.25
Wilson Bowden	Monday	1.3	2.9	2.0
Wimpey George	Tuesday	2.0	4.75	3.0
Wolstenholme Rink	Wednesday	4.0	6.25	6.0
Woolworth Holdings	Wednesday	3.0	6.0	3.3
World of Leather	Tuesday	-	3.2	0.8
WSP Holdings	Wednesday	-	0.8	0.8
INTERIM DIVIDENDS				
Barratt Developments	Wednesday	2.79	8.37	-
Benchmark Group	Tuesday	0.75	0.875	-
Bridport-Gundry	Thursday	1.9	5.1	-
Britannia Security Group	Wednesday	0.8	1.35	-
Burton Group	Tuesday	2.4	6.0	-
Cramphorn	Wednesday	1.5	4.0	-
Domestic & General	Monday			-
EFM Dragon Trust	Wednesday	-	0.09	-
Gabicci	Wednesday	1.4	2.8	-
Halstead James	Monday	3.25	6.0	-
Lloyd Thompson	Wednesday	1.65	3.35	-
Lucas Industries	Monday	0.0	15.0	-
Maunders John	Wednesday	1.05	2.1	-
NFC	Monday †	0.565	2.15	0.85
Paterson Zochonis	Tuesday	1.85	5.85	-
Pressac Holdings	Thursday	0.5	1.25	-
Savage Group	Monday	1.0	2.0	-
Star Computer Group	Tuesday	-	1.5	-
T.I.P. Europe	Tuesday	-	2.8	-
Trafford Park Estates	Monday	1.55	3.15	-
Wolseley	Wednesday	2.3	8.7	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ per share gross.† first quarter figures.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Bassett Foods‡	558	563	473	89.85	Cadbury Schw'pes
CCA Publ.	135*	134	115	14.90	HTV
Chamberl'n Phipps	202	219	154	75.95	Evode
Chamberl'n Phipps	220*	219	189	81.0	Bowater
Chapman Inds.‡	425*	420	350†	18.48	Munksjo AB
Cons Gold Fields	1418§	1440	1435	3.23bn	Minorco
DDT Grp.	120	115	110	7.20	Vistec
Delmar Group	70*§	70	60	4.93	Bromsgrove Inds.
GT Management	180*	185	176†	91.50	Bk Liechtenstein
Health Care‡	96§§	105	80	13.47	Compass Group
JSB Electrical	405	394	315	25.45	Emess
Jacksons B'ne End	150*§	184	147	12.75	Vasella
Jenlar	100*§	123	98	4.90	Parris/ETL
Local London	550*	544	494	110.99	Priest, Marians
Piccadilly Rad NV	363§	317	258	29.04	Miss World
Ratcliffs (G.B.)	250*	247	200†	11.74	Severn
Splash Prods.	79½	78	71	13.88	Astra Trust

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 17/3/89.†At suspension. §§Shares and cash.

Plan carefully or else! **Richard Waters** looks at the more worrying implications of the Budget

Your wealth could be in danger

THE BUDGET has horrifying implications for your family's wealth. It appears from what has been announced so far that, if you do not plan carefully, in extreme cases the Exchequer could take a staggering 80 per cent of your assets.

This is the stark result of the Chancellor's announcement that you will no longer be able to make gifts free of tax. This means that when you give assets away, for instance to your children, you will pay tax on any capital gain that has built up on the asset. Then, if you die within seven years of making the gift, the assets are liable to inheritance tax as well. Taken together, these two taxes could almost wipe out your wealth. This makes long-term planning vital.

This need is made still more important by other Budget changes. They have an impact on virtually all existing wills and trust arrangements which should all be reviewed to make sure the new rules do not expose you to an unexpected tax in the future.

First, the tax on gifts. This is the most profound change in the Budget for any family trying to accumulate wealth. Previously, you could simply give your assets away and, provided you lived seven years, there was no tax. Now, making the gift is a taxable event: the person who receives it has to pay tax on any capital gain which has accumulated on the asset.

There are important exceptions to this:

- Gifts between husbands and wives are tax-free.
- Business assets can also be passed on without a tax charge. This includes shares in many private companies.
- Agricultural land also falls outside the scope of the tax.

For assets which do not fall into any of these categories, there is still a way of avoiding the tax on gifts: by putting assets into a discretionary trust, rather than by giving them to a person outright. Such a gift qualifies for "hold-over relief," which means that the capital gain does not crystallise at the time of the gift but *is literally held* over *until* the asset is finally disposed-of. This does not apply to gifts into accumulation and maintenance trusts, which have become the standard inheritance tax planning tool in recent years.

Discretionary trusts, unlike accumulation and maintenance trusts, are subject to inheritance tax. This means that you can put up to only £118,000 (the inheritance tax threshold announced in the Budget) into such a trust once every seven years, tax-free. However, married couples can pay £118,000 each.

Following the Budget, all existing wills and trusts should be looked at carefully, warns Peter Bower, a partner at Price Waterhouse. The tax changes could well catch you out, even though you took advice when setting up your particular arrangement and think you are safe from harm. Many existing *accumulation and maintenance* trusts provide for children to receive assets at their 18th or *21st* birthdays. *Under the new* tax on gifts, this will become a taxable event.

To get around this, it might be possible to vary the terms of the trust deed so that the child *has a right only to income* from the trust at the age of 18, while the asset itself stays in trust. The child loses the benefit of the asset but benefits from a higher rate of income because the asset has not been depleted by the need to pay tax.

Wills also need to be looked-at closely. Until now, it has been possible to leave inheritance tax planning until *after* you die. This is because the beneficiary of your will (say, your husband or wife) could actually change the terms of your will after you die to make it more tax-effective. This is done through something called an "instrument of variation," which can be used at any time in the two years after death. These instruments will no longer be allowed for deaths which occur after this year's Finance Bill (which puts the Budget into law) gets Royal *assent in the summer*.

There is one very macabre way of planning your way around this: die before the summer. Perhaps more attractive is the thought of rewriting your will to make sure that, after you die, there is no need for an instrument of variation, anyway.

Deeds of variation are used because people fail to plan for the effects of inheritance tax. Take a man who dies, leaving a *substantial estate to his* widow: she then has the problem of passing the assets on, say, to her children. In the past, one way around this was for the beneficiary of the will (in this case, the widow) to make a deed of variation changing the terms of the will to allow money to go straight to her children. Provided they did not top the old inheritance tax threshold (£110,000), no tax was payable. In effect, the widow in *this* example would be making a gift without any of the tax consequences of that.

This is no longer possible. It is, therefore, important to check your will frequently to make sure that, as your circumstances change, it is still tax-effective.

Alternatively, it is possible to achieve *much* the *same* effect as a deed of variation by making your will discretionary – in other words, giving your executor power to decide who should benefit from your estate.

Finally, one piece of good news and one piece of bad news. The latter first: you can no longer use trusts to give money to your children tax-free – for instance, to finance them through university. It has been possible in the past to put an asset into trust and for the income to go to the child while at university. Later, the *asset could revert to the parent*. This scheme has been stamped-on, bringing the tax position into line with the move in last year's Budget to do away with schemes for covenanting income to children at university.

Now, the good news: contrary to all expectations the Government did not attack overseas trusts, which are used to delay capital gains tax or even avoid it altogether. It is *estimated that* several hundred million pounds worth of assets flowed into this type of scheme in the weeks leading up to the Budget. Many of the tax advisers who predicted action against overseas trusts in the Budget may now be *feeling* a bit sheepish about crying wolf – and many investors who set up these schemes may be thinking twice about the costs they have incurred in the process. If so, draw some comfort from the fact that the Chancellor might think about it again next year.

BUDGET 89

AS PREDICTED recently in these pages, the Inland Revenue has *said that it* will take action against artificial schemes between husbands and wives to take advantage of the new system of "independent taxation" which comes into force next year. This is the historic system, announced in last year's Budget, to tax women separately for the first time. Some commentators had warned that the Government would prevent husbands and wives *passing assets between* themselves to take advantage of this. However, this has not happened (see main report).

***Instead*, the Government has said it will prevent arrangements where income is passed from one spouse to another while ownership of the asset remains with the giver. Further details will not be known until publication of the Finance Bill in April. In the meantime, married couples can plan confidently for the arrival of independent taxation without fear of falling into any tax traps. We *will be giving more advice on* this in the weeks ahead.**

ACCOUNTANTS may get a lot of extra work out of the Budget but they are affected by it just as much as anyone – and probably more since most partners in professional firms earn above *the* £60,000 a year that brings them up against the new ceiling on tax-free pension contributions.

Stephen Bennett, a partner at Deloitte Haskins & Sells in *London*, says he and his fellow partners are now interested keenly in the new rules for retirement annuity schemes: working in partnerships, they are all effectively self-employed and so do not have a company plan.

Existing partners, who already have their annuity schemes, escape the new restrictions. *But what of staff* who are promoted to partnership? They would have to come out of the staff pension plan, where they are protected from the £60,000 rule, and into an annuity plan where they would hit the contribution ceiling.

"Those people who are limited to £60,000 should look to other long-term investments," says Bennett. "Maybe we will set up our own *PEP scheme* – we already have our own BES arrangements. If we can't invest through pensions, we will be forced to look for some other way."

He believes that this shift from pensions into PEPs is intended. "The Chancellor is a master chess player. He is encouraging investments to switch into areas where he has created the tax advantages, away from areas where they were created many years ago. People in the higher-paid bracket are going to have to pay a lot more attention to long-term investment and planning than they did before Tuesday."

Stephen Bennett: "Chancellor is a master chess player"

Eric Short discusses key aspects of the Budget's impact on pension provisions

Sting in the tail

NEW-STYLE personal pensions have been available for less than a year but already the Chancellor is proposing radical changes in the contribution payments. He has listened to pleas from several quarters, notably the professions, that they should be able to make increased contributions. Under the new limits, you can now put in 17.5 per cent of earnings at any age, rising in stages to 35 per cent at 56 years and over. This compares with the existing limits of 17.5 per cent under 50, rising to 27.5 per cent at 61 or over.

There is a sting in the tail, though. Because personal pensions are now available to employees as an alternative to company schemes, as well as the self-employed, the Chancellor has applied the same maximum £60,000 earnings limit he imposed on company schemes. The new contribution rates are based on this maximum whereas before there was no ceiling. So, highly-paid people earning well over £60,000 may find that their contributions are, in fact, limited under the new system to a lower amount in cash terms. Thus, the Chancellor has re-imposed the monetary ceiling on contributions to personal pensions which his predecessor, Sir Geoffrey Howe, removed in 1980.

***Those few individuals* with regular premium personal pensions, where the contribution is above the new maximum, will need to have their contracts readjusted.**

These new limits do not apply to the old-style retirement annuity contracts (possibly known better as section 226 policies) which were replaced by personal pensions. Most self-employed people are still making their pension arrangements through these contracts, since they have the facility to increase contributions on them. The self-employed should hold on to their contracts at all costs. You can always change to a new-style personal pension, but it is an irreversible switch.

If you have earnings above the threshold, then the reason for holding onto a retirement annuity contract is self-evident. The vast majority of self-employed will have earnings below the threshold, too. But if they want to take advantage of the higher contribution limits, they should pay the maximum amount allowable into the retirement annuity and put any excess into a personal pension.

It would be advisable to do this on a single premium rather than a regular premium basis. If the individual's earnings do increase above the threshold, then he would have to cease contributions to the personal pension.

The imposition of this ceiling has severe implications for pension mortgages. For new ones, the imposition of a ceiling on earnings could result in a lower projected cash sum and, hence, a lower mortgage than previously.

Existing pension mortgages may have been based on a projected cash sum which assumes the individual's earnings increase at a rate which will almost certainly be in excess of the projected growth in the RPI. A recalculation might indicate the mortgage could not be repaid from the new projected cash sum, and some refinancing could be necessary.

Price of a radical concession

ONE OF THE most radical proposals in the Budget is the changes in pension provision to both companies' schemes and individual contracts.

As far as company schemes are concerned, a completely new regime is being introduced that will have far-reaching effects on pension provision.

Essentially, employers under the new regime can pay whatever pension benefits they like to employees, but the tax relief available is being carefully controlled and restricted.

In future, pensions and other retirement benefits will be provided in two parts – the main scheme which will still qualify for the usual tax reliefs, and a taxable top-up scheme.

In the main scheme, which qualifies for tax relief, the maximum rate at which pensions benefits can build up is now 1/30th of earnings for each year of service. Thus, employees will qualify for the maximum two-thirds pension after only 20 years and the full pension can be paid, *without reduction*, at any age between an employee's 50th and 70th birthday.

This change improves dramatically the situation for employees taking early retirement. Those with 20 years' service in the scheme will be eligible to retire on a pension of two-thirds of earnings from age 50.

But there is a price to be paid for this radical concession. The benefits, both pension and cash sums, will be based only on the first £60,000 of earnings. So, the maximum pension from the main scheme is £40,000 and the maximum tax-free cash sum at retirement is now £90,000.

The lowering of the earnings ceiling means that high earners within a company, with salaries of over £60,000, can no longer be provided with a two-thirds pension through the tax-efficient company scheme.

This ceiling, which will be revalued each year in line with the retail price index, is not going to affect immediately the benefit entitlement of rank-and-file employees with earnings well below £60,000. But there will be a "creeping eradication" of their entitlement.

Over the past 25 years, the average earnings of employees have risen by 2.5 per cent a year more than prices; and over 25 years, at 2.5 per cent interest, the value of money is halved.

Thus, in today's monetary values the revalued £60,000 ceiling will be equivalent to £30,000 – a ceiling that will cut back on the two-thirds pension of a considerable number of employees.

These new limits will apply to all new schemes set up on or after Budget day (March 14) and all new members of existing schemes joining from June 1 this year.

Since employers will have to amend the rules of their schemes to accommodate new members, it is likely that employees will be offered the choice of old or new.

In making that choice, employees must consider not only the benefits of early retirement but also the effect of this earnings ceiling. In addition, the attitude of employers towards implementing a top-up arrangement is crucial.

The employer can set up a second scheme on a funded-in-advance, or an unfunded, basis to provide whatever benefits are required. This can be used to provide benefits for earnings above the ceiling.

However, if this arrangement is on a funded basis, thereby providing financial security, it is not tax-efficient. The employer receives tax relief on his contributions, but the employee has to make his contributions out of net income and is also taxed on the employer's contributions as a benefit in kind. Cash sum payments to the employee at retirement, however, would be tax-free, although any pension bought by the scheme would be taxed in full.

It is more tax-efficient if the employer does not fund the top-up benefits but simply promises to pay them at retirement. In that way, the employee can be kept on the payroll after ceasing work or be given the cash to buy an annuity.

There would be no tax liability while the employee is working and the annuity would be taxed only on the interest portion. But there would be no security. The employee would have to rely on the employer's promise.

The big losers

THERE ARE winners and losers from the Chancellor's proposals on pension changes. But the biggest losers will be controlling directors and executives who are not already members of an existing executive pension arrangement, known as a Small Self-Administered Scheme (SSAS).

These schemes are technically occupational pension schemes as far as the Inland Revenue is concerned, even though they may have only one or two members. So, the changes proposed for occupational pension schemes apply to executive schemes.

However, the positive aspects of these changes – namely, the improved early retirement pension facilities – do not apply to SSAS, certainly so far as controlling directors are concerned. They usually have complete control over the timing of their retirement and this tends to be later rather than earlier, staying on the payroll even if they are less involved in the business.

In contrast, the negative aspects, especially the £60,000 ceiling on earnings, are a setback. Controlling directors tend to be highly paid or, if not, to have large salary increases before retiring.

Again, for many controlling directors intending to work for as long as possible, the death-in-service cash payment of four times salary was of more significance than the ultimate pension.

Now, the maximum death benefit is £240,000 revalued in line with the retail price index. This revaluation will worsen the situation progressively, since executive earnings should rise far faster than price inflation.

However, the new proposals apply only to new schemes set up from Budget day, March 14, and to new members joining existing schemes from June 1, 1989.

So, existing schemes should be kept going and any executive not in the scheme should be brought in before the deadline.

The Revenue is prepared to accept schemes that are in the pipeline on the old basis, providing you can prove that the process to establish such schemes had started before Budget day.

These changes could result in executives staying put in their present jobs. Or they could result in executives changing jobs in a hurry if the new job has an existing SSAS.

Controlling directors have the option of a personal pension or an SSAS. Under the old rules, the balance was in favour of the SSAS. Now, the equation has changed and a personal pension might be more favourable, despite the limitations imposed on those contracts.

FINANCE & THE FAMILY

John Edwards forecasts that investors will soon be bombarded with a spate of new products

PEPs are given kiss of life

THE BUDGET has breathed new life into personal equity plans (PEPs). The Chancellor gave them the equivalent of a blood transfusion and a heart massage at the same time. As a result, investors are likely to be bombarded with a spate of new products in the next few months.

It will make good sense for investors to have a PEP as a core holding in their portfolio to take advantage of the tax-free concessions. Tax-free unit, or investment, trusts will have an obvious extra appeal, and PEP-based mortgages could become a really serious rival to the more established endowment and pension mortgages.

Nigel Lawson rejected pleas for tax relief to be given on the "way in," so the freedom from paying income or capital gains tax still applies only to dividends and any profits made when selling out. Nevertheless, the Budget changes (effective from April 6) to the PEP scheme, which was dying on its feet as sales plummeted, are quite radical.

The first step is to increase the maximum amount that can be invested annually from £3,000 to £4,800 a person — or £9,600 for a married couple. That deals to a large extent with the criticism that PEPs were high risk because the limited amount that could be invested was too little to allow a proper spread of shares to be bought. The larger amount that can be invested also reduces the impact of the fixed charges and makes PEPs more worthwhile economically for plan managers to promote.

But that alone would not have been enough to overcome the reluctance of groups to sell PEPs. *The Chancellor also* made a major concession by increasing the proportion of a PEP that can be placed in unit, or investment, trusts from 25 to 50 per cent.

What is more, you are allowed to invest up to £2,400 a year, or £200 a month (£4,800 and £400 for married couples) purely in a stand-alone unit, or investment, trust which will enjoy all the tax benefits. In other words unit, and investment, trust groups will be able to sell tax-free funds in a PEP wrapper.

The Chancellor did introduce one new restriction. Unit, or investment, trusts within a PEP must have at least 75 per cent of their total holdings in UK equities. Previously, the share element had to be invested in the London stock market but the unit or investment trust part could be put into overseas fund.

The groups have been given until April 1990 to comply with the new investment regulations but it is likely they will launch specially constructed new funds, with the maximum permitted investment overseas content. Additionally, special funds, like high income trusts, may well be introduced to take full advantage of the tax privileges.

One problem is that the restriction on PEPs investing only in UK securities (stocks and shares) remains, so it is not possible to spread the risk by, for example, going into property.

Equally important in the promotion of PEPs are the wide-ranging measures in the Budget to reduce the complex series of rules and regulations that confused investors previously and put up the costs for plan managers.

For a start, the miminum period (of a calendar year and a day) for which PEPs had to be held previously to *qualify* for the tax concessions has been scrapped completely. In theory, you can take a plan out one week and sell it the next.

The only restriction is on the amount you can invest during each fiscal year, from April 6 to April 5. During the transitional period — the 16 months between January 1989 and April 1990 — it will be possible to invest a total of £7,800 (£3,000 under the old PEP scheme and £4,800 under the new). All the existing PEPs can now be rolled up into one fund. You will be *allowed to top-up* payments into PEPs throughout each year to the maximum.

A fresh provision, introduced with an eye to the coming privatisations, is that investors will be able to transfer new issues of shares into a PEP at the issue price value *(so long* as this does not push the value of the whole investment above the maximum).

However, you will have to make up your mind about doing this within 30 days from the announcement of the share allocation. You will be able to transfer the whole or part of the allocation. This means that investors buying privatisation shares will be able to use the PEP tax concessions to get the most benefit from their holdings.

At the same time, the rule regulating the amount of cash that can be held in a PEP, which was a real problem for fund managers, has been scrapped. The managers will *be able to hold as much as* they like in cash, which could be a sensible strategy when the market is falling.

However, to avoid the scheme being used as a tax-free cash savings account, the interest payable on cash holdings will in future be subject to automatic deduction of the special composite rate tax already deducted from bank and building society accounts.

Perhaps most important from the plan managers' point of view is that the simplication, and removal, of regulations should reduce considerably the extra administrative costs and cut back the additional charges that have so far tended to make PEPs uneconomic and difficult to sell.

There is no more powerful selling message than "tax free." *With the removal of the* bulk of the restrictions and regulations, there is expected to be a huge rush into the market. The main problem for investors will be to watch out for charges and not let the "tax free" incentive cloud their *judgment over the merits of* the product being offered.

Quick off the mark

YOU MIGHT have to act quickly to take full advantage of the PEP scheme. If you haven't already taken out a plan this year, you can invest in an existing one before April 5 and then in a new plan after April 6 for the year to April 5, 1990. In this way, you can invest the maximum possible of £7,800 per person.

Meanwhile, Morgan Grenfell was first off the mark with the announcment of a PEP mortgage scheme the day after the Budget.

Tony Fraher, managing director of Morgan Grenfell Unit Trust Managers, said that *even using* just the unit trust element of £2,400 would be sufficient over 25 years to sustain a mortgage of £200,000.

"This marks the death of the endowment mortgage," he declared. Charges would be much lower (MG is using only the normal unit trust charges); it is tax-free; and the PEP was extremely flexible with the ability for part encashment at any time without penalty.

MIM Britannia was also quick off the mark with the launch from April 6 of a TaxBreak PEP, enabling savers to invest lump sums of up to £2,400. This is in addition to its existing TaxAxe savings scheme.

Fidelity, which withdrew from PEPs in 1988 after being a *leading* player *in 1987, said* it would be re-entering the market. Framlington also confirmed that it would be coming back into PEPs.

Commercial Union said it would be launching a new PEP with only the normal unit *trust charges and no extra* costs.

Chancellor carves a path through the AVC jungle

THE MOST constructive pension proposals in the Budget, as far as the rank and file employee is concerned, are those relating to additional voluntary contributions (AVCs), particularly free-standing AVCs taken outside your company scheme.

The Chancellor is proposing radical simplification of the administrative procedures, throwing overboard several entrenched Inland Revenue attitudes in the process.

AVCs still represent the most tax-efficient means available to employees in company pension schemes to boost their income in retirement. Yet, the take-up of AVCs *is still,* on average, low.

The underlying reason for this apathy, beyond the usual employee inertia, has been the complex administration requirements laid down by the Revenue which has been concerned — indeed, almost paranoic — regarding over-funding of pension benefits.

There has there been a limit on the contributions which an employee can make to AVCs of 15 per cent of earnings, less the contribution to the main company scheme. In addition, the Revenue insisted that the combined pension secured from the main company scheme and the AVC must not be a penny *more than the laid-down maximum* of two-thirds of final salary. It had a series of ongoing administrative requirements to ensure that such over-provision did not happen.

These requirements were particularly daunting for free-standing AVCs, requiring co-operation from employers. In many cases, this was given reluctantly; in some, it was ignored.

Even worse was the ruling that if, at the time of retirement, such over-provision did happen — perhaps because the AVC had been particularly successful in its investments — then the pension from the main company scheme had to be cut back to comply with the limit. This meant that the beneficiary of the investment success was the employer rather than the employee.

Under the new proposals for free-standing AVCs, instead of the existing requirements for the employer's scheme to provide a mass of information and certification, all that will be required are:

■ For contributions up to £2,400 a year, the life company or other provider to make only a few simple checks using the employee's pay slip.

■ For larger amounts, the employer's scheme to provide certain relatively straightforward information (although the nature of this information has still to be set out).

Normally, there would be no need for further checks until the employee retires.

The £60,000 final salary limit will apply so that employees will not get tax relief on contributions relating to their earnings above this limit. But, for many years this will not pose any practical problems.

Most important, you no longer have to worry about your AVC earning too much and going above the limit. If over-provision does happen, whether from a free-standing or an in-house AVC, then the surplus is refunded in cash to the employee, less a tax deduction at the rate that is effectively 10 percentage points above the employee's top rate (that is, 35 per cent or 50 per cent).

Eric Short

EXPATRIATES

Try Egypt for a better life

TIME WAS when the popular perception of the British expatriate was a clubbish pink gin drinker who devoted his energy to grumbling about the laziness of the natives.

In the oil boom of the 1970s, the pith helmet picture gave way to the image of the get-rich-quick globetrotter.

Nowadays, according to Tom Raftery, any executive who aspires seriously to a senior management role in a company with overseas ambitions must have first-hand experience of working in a foreign environment.

Raftery ought to know. He spent nine years working in Greece and Saudi Arabia, and now runs the international salary research division at management consultant P-E Inbucon.

The consultancy has just unveiled its latest expatriate salary survey. The accompanying table covers a selection of countries still favoured by British expatriates, and the figures show salary comparisons both in net local currency and the sterling equivalent of that net local salary.

In Japan, for example, the sterling equivalent salary would be 183 per cent higher than the UK, whereas in Egypt the figure would be 67 per cent higher.

That sounds well and good, but such figures do not take into account differences in the cost of living which can affect local purchasing power in relation to the UK.

After a cost of living adjustment (see final column of table), you would actually be 60 per cent better off in Japan because of the higher cost of goods and services compared with the UK. Conversely, in Egypt, where the cost of living is considerably lower than in the UK, the cost of living adjustment makes expatriates 141 per cent better off.

Salary comparison (1988/89) based on UK gross figure of £22,000 pa, earned by a married man with two children

Country	Local payment (net)	Sterling equiv. (net) (Amount as % of UK net sal.)	After cost of living adjust. (Amount as % of UK net sal.)
UK	£16,850	£16,850 (100)	£16,850 (100)
Kenya	KS695,000	£22,424 (133)	£29,979 (178)
South Africa	R67,055	£15,840 (94)	£22,929 (136)
Egypt	E£110,487	£28,114 (167)	£40,627 (241)
Saudi Arabia	SR199,145	£31,312 (185)	£34,146 (203)
US(New York)	$44,780	£26,341 (156)	£26,553 (158)
Mexico	PES87.9m	£22,661 (134)	£23,008 (137)
Japan	Y10.8m	£47,666 (283)	£26,845 (160)
Australia	A$44,059	£20,398 (121)	£20,542 (122)

Source: P-E Inbucon

Nevertheless, even after taking a cost of living adjustment into account, salaries in the table are far higher than in the UK so, in all cases, people are better off financially abroad.

You might be excused for thinking a higher salary means all you have done is raise the figure on both sides of your personal finance balance sheet. But there is a further factor.

What these figures do not show is how well the typical expatriate scores when it comes to fringe benefits.

Here again, P-E Inbucon has done some research which shows that provision of accommodation, or a rent allowance, plus life and medical insurance, are commonplace.

Most expatriate employees have a better than even probability of getting their hands on the steering wheel of a company car and a good chance of having membership of a club for which a willing employer pays. In Japan, where business and social life mix more closely than just about anywhere, three out of four expatriates can expect their employer to pay for club membership.

Financial help from one's employer with gas, electricity and water bills plus domestic help, still form part of the expatriate's check-list of remuneration.

But the picture is changing when it comes to the expensive provision of school fees. Raftery says employers will often prefer to send single people overseas in order to avoid this outlay.

It is not just the prospects of a higher salary and good fringe benefits that motivate people to work outside the UK. Career advancement is the obvious unquantifiable factor.

Remember though, that "abroad" does not always equal "glamour." Some postings do entail genuine hardship either because of, say, climatic or cultural differences. Part of the higher salary is compensation.

Peter Gartland

■ *Peter Gartland is editor of The International, the FT's magazine for expatriates.*

A fishy business . . .

AN AGRICULTURAL scientist invested his redundancy payment in a fish farm venture. In partnership with a fish farmer with six years' experience, a limited company was formed. One week after obtaining written acceptance of the company's proposal for insurance (against mortality risks) from an aquacultural insurance company, but three weeks before receiving the actual policy, some fish died from causes so far not diagnosed conclusively. On the day after receipt of the policy (via a provincial broker, through whom the insurance company routed the policy), the farm lodged a claim.

The company rejected it on the ground that the company was in breach of the clause in the policy it had only just received. This required, inter alia, notification of a claim within 72 hours of its occurrence.

After a period of prevarication, by which time nearly all the fish had died, a loss adjuster inspected the farm. He had never before seen one of its type but, following his visit and the submission of moribund fish samples to the company, the farm was informed that its claim was rejected because of poor husbandry.

The directors deny this and pursued their claim with the company. After a protracted exchange of correspondence, they were informed that their claim was invalid because the terms of the policy had been breached.

The directors have had to borrow heavily to restock the farm, which is now thriving. They wish to pursue their claim. What is their position?

■ It is probable that, in strict legal terms, the insurers may be able to rely on the provision requiring notification of claims within 72 hours. However, there clearly are elements in the factual history you recount which suggest that the insurers ought not to take refuge behind that provision (not notified to you at the time). You might wish to submit the matter to the Insurance Ombudsman Bureau, 31 Southampton Row, London WC1.

Chunnel shock

I AM BUYING a one-bedroom flat on the boundary edge of a new site development, hard by a British Rail railway track. Contracts were exchanged last November conditional upon receipt of local searches by December 7. But queries have been raised upon these so that, at present, "exchange of contracts is therefore still conditional upon receipt of satisfactory searches."

I now discover that the track is part of the proposed Chunnel link routes — an event which would deter me from proceeding with the purchase. *What is my legal position?*

■ As you have not exchanged contracts, you are free to withdraw from the proposed purchase if you wish. You cannot goon and enter into a binding contract and then make a claim against your vendor where you knew of the factor to which you object before exchange of contracts.

Mortgage gift

MY SON HAS a £60,000 mortgage for his London house with a well-known building society. It is (a) £30,000 with a 25-year endowment and (b) £30,000 repaying capital and interest.

I wish to repay (b) for him by either 10 yearly instalments of £3,000 or three yearly instalments of £10,000. I want to do this by giving my son cheques from my own (different) building society, where I have a cash investment. However, I have heard that there might be difficulties with this procedure because of my son's contract with his building society.

■ There should not be any difficulty in what you propose. However, your son should write to his building society to get confirmation that it will accept repayment over the 10 years (which is the better way to do it). Presumably, your son will pay the relevant amount of interest in each year. If the building society baulks at this, *consult a solicitor.*

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Son's 'lost' premiums

I LIVE WITH my 26-year-old, brain-damaged, dual-handicapped son in a corporation flat. For the previous four years, he lived in a county council hostel for the handicapped, coming home at weekends and holidays.

He came home permanently because several matters concerning us seemed unresolvable. *One of the most important* involved a capital accumulation policy investment plan prepared for him by a major life insurance company. The company accepted his application; all that remained was for the hostel management to arrange monthly transfers out of his income to pay the premiums.

To date, no premiums have been paid. No explanation has *been offered by the hostel* other than that the question of a policy for my son was passed to the director of social services for his consideration. What can I do?

■ We suggest that you insist on an interview with the director to obtain a full explanation of what has gone wrong. If this is not echieved quickly, you should make it plain to the DHSS office that you will raise *the matter with your MP*, and ehould do so.

Do not accept assurances or delays, but insist on an interview at the right level. If you get an interview and satisfactory arrangements are then made, record carefully exactly what has been agreed, write to the DHSS to confirm it, and seek their written confirmation.

Liability for CGT

SOME 23 years ago, I formed a limited company to take over my business, the share split being 500 to my wife and 1,000 to myself. In the intervening years, we have both drawn salaries from the company.

I am now 55 and my wife is three years older. Due to my ill health we are, upon medical advice, disposing of the business. I shall be entitled to relief from capital gains tax because of this. Our accountants have advised us that because my wife has not been actively engaged in the business for the past 15 years, she will not be able to get an exemption from CGT on her share of the business. Is this correct?

■ Yes. You can check what your accountant told you by asking your tax inspector for the free pamphlet CGT6 (1986) — Retirement: Disposal of a Business.

Too late to complain

WE BOUGHT our house in 1968 from a well-known builder who is still in business. We now have a serious problem, namely, a leaky roof. This has been caused by condensation which itself arises from two design faults, including a roof pitched too low. The only remedy is a new roof (£8,000) and the addition of air vents.

The house is one of about 40, all built at the same time and to the same plan. At least two of our neighbours have the same problem and recalled the builders to look at it in 1968/69. We ourselves drew the builder's attention to water in our hardwood ceiling in 1969, and workmen were sent to deal with it several times. However, all they did was to re-varnish the bits of ceiling which had become damp.

Might we be able to get any legal redress against the builder?

■ If the fault had become apparent in 1969, you will have no legal redress now. There is a limitation provision which enables you to bring proceedings within three years after latent damage first eppears; otherwise, you cannot bring proceedings more than six years after the damage or design fault actually occurred.

Chess

UNTIL A FEW months ago, the prospects for the world chess championship competition in the 1990s looked decidedly repetitious. The Kasparov v. Karpov marathon matches of the late 1980s seemed destined to continoe for many years, accompanied by their increasingly sharp *personal bickering*, as the two Russian grandmasters remained far ahead of the competition.

Now, the outlook has changed suddenly to a quite *different* and *almost* bizarre scenario. For, arguably, Kasparov's main rivals in the mid-1990s will be a hitherto hardly-known Russian, an Englishman, two young Hungarian gilrs and a computer. When events develop like that, you could almost predict Bobby Fischer emerging from his hermit-like seclusion.

I wrote last week about the computer, Deep Thought, from Carnegie-Mellon University, and how it won an open tournament ahead of Tal and Larsen. Hans Berliner, the former international player who has done much to make the US the leader in chess computer development, was asked when a machine would become world champion. His answer: "Computer experts vastly under-estimate the time required to beat the world champion. Chess experts, on the other hand, vastly over-estimate the time involved."

One of the two girls, *Judit* Polgar, 12, is the youngest ever to become an international master at men's level and has *featured* often in this column. At the recent Rome Open her older sister, Zsofia, 14, was the family representative. Although a strong player with wins over grandmasters, she was not thought of as superclass: several boys finished ahead of her at the world under-14 championship while she was the lowest scorer in the Hungarian team at the women's olympics.

With this background, Zsofia's result in Rome was astonishing. She won her first eight games off the reel and beat four grandmasters, among them the Russians Palatnik, Chernin and Razuvaev. Chernin is a former world title candidate and Razuvaev played in the 1984 USSR team whicb defeated the World in London. A draw in her final game against GM Dolmatov ensured Zsofia the outright first prize of L5m (about £2,200) — the largest chess award ever won by a woman — and probably qualifies as the youngest grandmaster result in history, thus upstaging Fischer, Kasparov et al.

On from Rome to Linares, Spain. Karpov was favourite for the category 16 tournament — one of the strongest events ever held — and even though he lost badly in the oppening round to Nigel Short, he soon recovered to take the lead. Surprisingly, however, he was outpaced in the final few games by Vassily Ivanchuk, the 19-*year-old* who came to prominence at Easter 1988 when he won the the New York Open.

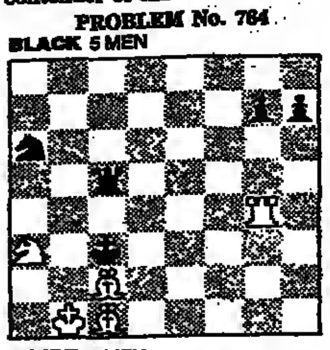
Ivancbuk scored 7½/10 followed by Karpov 7, Ljubojevic 6, Short and Timman 5½, Yusupov 5, Belyavsky 4½, Portisch 4, Gulko and Sokolov 3½ and Hjartarson 3. No teenager, not even Fischer and Kasparov, had previously won an event of snch all-round strength, the nearest precedent being Kasparov's first prize at 19 in a slightly weaker event at Bugojno 1982.

Which of these very disparate challengers is most likely to take Kasparov's crown is hard to assess. Ivanchuk has the advantage of being Soviet, with all that entails in public support and optimum competition. Short already has some credibility as world number three but he is the oldest of the challenger group and, even at the age of 23, the pressure is on him to gain ground on K and K.

Zsofia Polgar's Rome performance is such an enormous advance on her previous results that it needs confirmation from her next tournaments. It also gives sister Judit some new world records et which to aim. To me, she remains the most interesting contender of all.

PROBLEM No. 764

BLACK 5 MEN



WHITE 5 MEN

White mates in three moves at latest against any defence (by K. Junker, 1981). A puzzle in which the real point comes at move two after White makes a threat and Black replies with the only reasonable counter.

Solution Page XXV

Leonard Barden

Bridge

MY FIRST hand today comes from *rubber* bridge of *good* standard:

N
♠ 6 3
♥ A K Q 10 2
♦ A 8 7
♣ 9 5 3

W
♠ 10
♥ 9 7 5
♦ 10 9 5 4 2
♣ K Q 10 4

E
♠ 9 8 5 4 2
♥ J 8 3
♦ J
♣ A J 8 6

S
♠ A K Q J 7
♥ 6 4
♦ K Q 6 3
♣ 7 2

South dealt, with neither side vulnerable, and opened the bidding with ona spade. North replied with two no-trumps while South jumped to four spades. This became the final contract.

West led the two of diamonds and East, the best player at the table, played his 10. Winning with the king, the declarer ran the spade queen, losing to the king. East returned the eight of diamonds and West took with the queen.

It was not hard for West to realise that his pertner's efforts to ensure that he regained the lead must have a purpose. Clearly, e heart return was demanded, so West led the two of hearts and East scored ace and queen to defeat the contract by one trick.

South turned sportingly to East and congratulated him on his fine defence, but was then taken aback to hear North say: "Yes, East defended brilliantly, but you should have prevented his plan from working."

"Why, what could have I *done?*" asked the *declarer.*

"Very simple," replied North. "You should have covered West'e two of diamonds with dummy's knave. Now, whether East takes or ducks, your king stops any entry back to the West hand."

"Of course," said Sonth, "you are quite right. How did I miss that?"

I think we can let South off with a caution; it was difficnlt *for him to foresee* such a coup by East.

The second hand, also from a rubber, is an object lesson:

N
♠ A 7 5
♥ K J 4
♦ J 6 3
♣ Q J 10 2

W
♠ 6 3
♥ 10 7 5 2
♦ Q 9 7 2
♣ 8 6 5

E
♠ K 4
♥ A Q 9 6
♦ A 10 8 4
♣ 9 4 3

S
♠ Q J 10 9 8 2
♥ 8 3
♦ K 5
♣ A K 7

South was dealer with both sides game, and bid one spade. North made the natural response of two hearts and South rebid two spades. This hardly does justice to his hand, but North made up for this by raising to four spades. West's opening lead was the club king.

When East played an encouraging eight, West continued with the four. The ace won and East returned the knave, ruffed in hand. All seemed set fair but, when the spade ace was cashed, West produced the 10, which was ominons.

Declarer switched to hearts — casbing dummy'e ace, king and queen — and both defenders followed suit. He continued with the 10, East ruffed it, and Sonth pitched his diamond three.

By allowing (or, rather, forcing) East to ruff, declarer restored the balance of power. East returned the club knave, which was ruffed in dummy. *Then, a diamond to* his queen enabled the declarer to draw trumps and make his contract.

I think the fall of the 10 of spades would have alerted me to play as the declarer did; but if West'e singleton had been the two, would I have fulfilled the contract? Would the original declarer have got home? And yet, it is the correct technique in case one defender started with five trumps.

This hand deserves a second look.

E. P. C. Cotter

NOTICE TO ADVERTISERS

NEW FT FAX NUMBER

From Monday 20th March

The Advertisement Classified Fax Number is :

(01) 873 3064

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	Compounded return for taxpayers at 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.68	monthly	1	-	0-7
High interest cheque	7.60	7.90	6.32	monthly	1	1,000-4,999	0
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0
High interest cheque	8.25	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.05	9.25	7.40	half yearly	1	500-9,999	90
90-day	9.50	9.73	7.78	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.75	8.06	6.45	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.09	7.28	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue§	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	9.21	8.60	7.88	monthly	1	2,500	0
Provincial Bank	9.60	10.00	8.00	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
5pc Treasury 1986-89	10.22	8.94	8.16	half yearly	4	-	0
8pc Treasury 1992	10.85	8.75	7.49	half yearly	4	-	0
10.25pc Exchequer 1995	10.33	7.76	6.22	half yearly	4	-	0
3pc Treasury 1990	9.48	8.69	8.21	half yearly	4	-	0
3pc Treasury 1992	8.73	7.89	7.39	half yearly	4	-	0
Index-linked 2pc 1992§§	6.35	7.84	7.33	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £2,000. §Source: Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

MINDING YOUR OWN BUSINESS

A helping hand is hard to find

***Roy Hodson** examines the venture capital industry and its investment record*

A COMMON complaint among people starting their own businesses is that they find it virtually impossible to get financial backing from the British venture capital industry. "I walked the streets of the City of London for six months and talked *about my business plan until I* was blue in the face . . . and all to no avail," said the chief executive and founder of one small business. Her experience was typical of the plight that people running successful small businesses relish recalling when they enjoy better times later in their careers

The majority of them have, in fact, found their capital from clearing bank loans in the early years of their corporate lives. It is believed widely that only about 2 per cent of applications to venture capital companies get the cash they need.

The industry, represented by the British Venture Capital Association, does not pretend otherwise. Its 107 members invested nearly £1.4bn last year, but only £140m of that money was put into start-ups and other early-stage investments in Britain.

To be fair, the industry does seem to be trying harder than ever before to extend a helping hand towards the first-time business man or woman by making greater efforts to supply the relatively small tranches of capital required by start-ups. Its figures show that *the average investment made* in start-up and early-stage financial deals last year was £337,500.

That was some £40,000 below the average figure for the previous year and indicates that, increasingly, the industry is prepared to take the trouble to make small deals – which often cost it as much in management time as bigger and more rewarding ones.

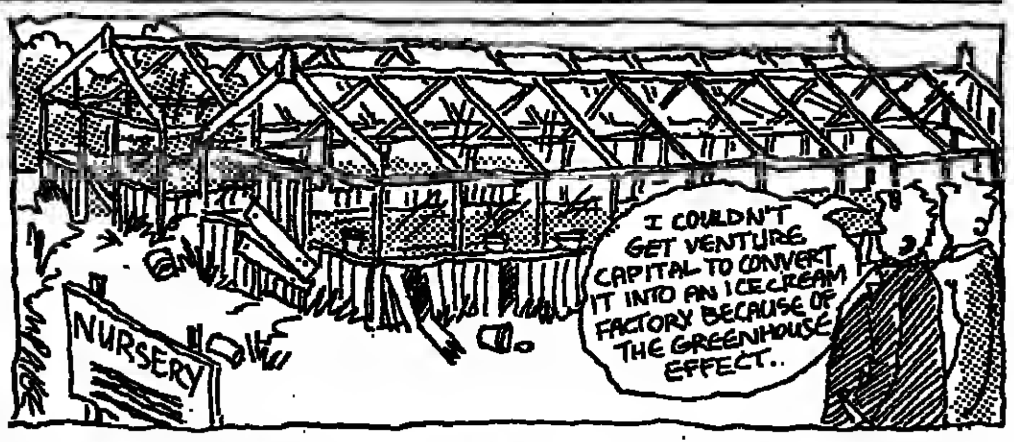
The single most important sector backed by the venture capital punters continues to be consumer–related businesses, which accounted last year for *23 per cent of all companies* financed and for 35 per cent of the total amount invested. Furthermore, the regional pattern of investment by BVCA members last year showed a significant move out of Greater London and the south-east, giving the lie to those who argue that all life is within 50 miles of Piccadilly Circus.

But the best news for people determined to start their own businesses is a big hint that the industry is, at long last, taking them very seriously. John Nash, chairman of the BVCA, admits in his annual statement that "*opportunities* offered by innovative start-up and technology companies are being missed."

Out of all the breast-beating by the venture capitalists, the news for small businesses is that the BVCA has set up a committee with the stated aim of addressing the problems of finding high-risk finance for small and technology-related projects. Nash says that by this time next year, it hopes to be "announcing an improvement in the status of investment in those early stage companies."

I have made a diary note to examine, one year from now, what more the BVCA is doing to help small businesses. Meanwhile, in the article below, Ronald Cohen strikes back on behalf of the venture capitalists.

■ *British Venture Capital Association, 1 Surrey Street, London WC2R 2PS (tel. 01-836-5702).*



Standing the test of time

SOME OF the venture capital people would have us believe that the only way for a small business to move is onwards and upwards at breakneck speed, towards the dizzy heights of mergers or stock market listings. But the family business of John Gordon and Company (Engineers) of Epping, Essex, provides substantial proof that a small firm can stand the test of time as sturdily as any of the big ones.

The firm is 140 years old and the present proprietor, John Malcolm Gordon, is the great-grandson of the founder. He employs only 15 people, including his wife as part-time secretary. In recent years, he has seen Gordon's turnover "oscillate between £300,000 and £500,000 a year."

However, time does not stand still, even for Gordon. In April, it will take its biggest step forward this century. While its head office will remain over a newsagent's shop in Epping, the firm will shift manufacturing into a new £500,000 factory nearby.

A prime reason for the almost uncanny stability shown by Gordon is to be identified in the nature of its product. It makes small, simple machines for the world's coffee-growers. The requirements of a good many of its Third World customers, and their loyalty to this British supplier, have hardly changed since the business was started in the *mid-19th century, when the* first John Gordon, from Aberdeen, patented a pulper to remove the fruit from coffee beans. The firm now offers pulpers and "hullers" in 100 varieties, from hand-operated machines to power-driven models at £5,000 apiece.

But why is Gordon small? "It is a deliberate policy to stay within the coffee sector, which has always been what we know best," says John Malcolm Gordon. "The coffee market is limited and the machinery can last a long time. We supply spares for machines made by us which can be up to 60 years old."

In the past, Gordon met planters' needs for other machinery, such as for hulling rice for their workers. That business lingers on in one simple machine suitable for use in remote African villages. "It is bought by missionary societies in ones and twos," says Gordon.

He will admit, however, that staying small is not always easy. "At the moment, we are in the situation of finding it difficult to keep up with the inquiries we are receiving."

The Gordon disc pulper is proving popular among the coffee industries of New Guinea and Malawi. Twenty-five machines have just been sent to Zimbabwe, and the firm has also supplied to Vietnam.

Payment is often a problem with Third World trading and a plethora of agencies acting as intermediaries. The company remains entirely self-funded and when £20,000 goes astray for a couple of months, as happened recently, it can tax patience sorely.

Uncertainties plague many projects. The United Nations came to Gordon with a proposition that people in Burma would like machinery. The firm wrote the specification as requested. "But eventually the UN decided that they were not going to spend that amount of money."

The company might now have tapped an undiscovered market much nearer home, among Britain's cocoa-using food companies. Recently, a man from the Mars confectionery company sought Gordon's help with shelling cocoa bean samples in order to gauge their value. A modified Gordon coffee-huller did the job swiftly and well. Since then, Rowntree and Cadbury have also placed orders.

■ *John Gordon and Co (Engineers). 196A High Street, Epping, Essex. Tel 0378-74451.*

David Spark

John Malcolm Gordon: "We're finding it difficult to keep up with the inquiries we are receiving"

Invitation to a careful dance

***Ronald Cohen** explains the guidelines by which the venture capitalist gets together with the entrepreneur*

WHY DO venture capitalists make good ballroom dancers? There are two answers. The short one is that we don't tread on our partner's toes. The longer answer is more involved. Quite simply, we pick our partner – the entrepreneur whose venture we back with equity capital – very carefully. It takes two to tango . . . but only one to trip.

The business plan is the initial point of contact between entrepreneur and venture capitalist – the invitation to dance. Sometimes, this can be an invitation to the Odd Ball. In the early 1980s, when the British venture capital industry was in its infancy, crazy proposals abounded. But, even today, we receive some delightfully eccentric ones.

A favourite example is one I received from a lady who wished to raise £1m to build a weather satellite. The satellite was not intended to monitor climatic changes but to produce them. The concept was to create a moderate, sunny climate over the entire globe. That would make agricultural self–sufficiency a reality throughout the world, thus eliminating famine and drought. The sunshine would promote world cheerfulness and so put an end to war forever.

With the advent of the enterprise culture and the development of the venture capital industry, the sophistication of the business plans we see has increased significantly. We have always received professionally prepared plans produced by entrepreneurs helped by their accountants, but economic factors and the growth of venture capital have combined to create a financially literate class of business people who are now venturing out on their own.

More and more resources are available to help them prepare their own business plans. Lotus 1–2–3 (the business computer programme) and the wide range of books now available are just two examples. Desk–top publishing has made a good–looking document, complete with spreadsheets, the norm. The volume of proposals we receive has also increased dramatically. Our company received over 1,000 proposals last year, compared with 200 in 1980.

However, in spite of the increased annual deal flow, and the greater number of investments we make each year, the proportion of ventures in which we invest has remained remarkably constant. This means that only about 2 per cent of the entrepreneurs we see eventually step on to the dance floor with us.

Venture capital is about high –risk, high–return investment. At that level, we have to separate the good risks from the bad. We subject a business plan to a series of empirical questions to find out whether the venture has two left feet.

First, is the concept well –founded? An intelligent idea rarely occurs to a ridiculous person. But the reverse can – and often does – happen. Second, does the business plan place the product accurately in its market? Is that market already too competitive to support another entrant? Third, how capable is the management of achieving the plan?

Management experience is an important factor. But industry knowledge and objective awareness of a product's real strength and weaknesses are vital. So are the personalities. Has the entrepreneur who leads the venture attracted exciting managers to work with him, or is he a one–man band incapable of attracting and keeping good people to help manage the company as it expands? And is he really keen to dance in step with a venture capitalist?

Do the figures indicate enough potential growth to make the project look attractive for a venture capitalist? We are, after all, looking for entrepreneurs who are thinking in national or international terms, and businesses which could grow large enough to go public within the next 10 years. That means sales of £20m –plus within a few years.

Many business plans offer sound concepts with good managers but, often, they lack that sort of potential.

Once in a while, a business plan arrives that practically hums a hit tune as you read it. I received one in 1982 from an American working in London at the J. Walter Thompson advertising agency. He wanted $300,000 to open his second restaurant. It would cater for the growing habit among the British of eating out, combining reasonably priced American food in a novel and entertaining environment.

The crazy part was that he wanted to site his restaurants in back streets and, preferably, in basements with barely a sign over the door. He envisaged expanding throughout Britain and continental Europe, and he was obsessive about how he was going to do it. No–one he had approached would back him. We invested in the company. Bob Payton and the Chicago Pizza Pie Factory have never looked back.

On the whole, venture capitalists are a pretty flexible bunch. We don't stop at the superficial aspects of a proposal. We have the expertise to strengthen management teams or re–position products. If a business plan conveys a product with potential, and management with detailed knowledge of the industry, and it indicates the ambition and the ability to succeed, we will usually give it a whirl.

☐ *Ronald Cohen is chairman of Alan Patricof Associates, a London venture capital company.*

BOOKS

Lord of the ocean waves

Anthony Curtis hails the final episode of a masterly seafaring trilogy

FIRE DOWN BELOW
by William Golding
Faber & Faber £11.95, 311 pages

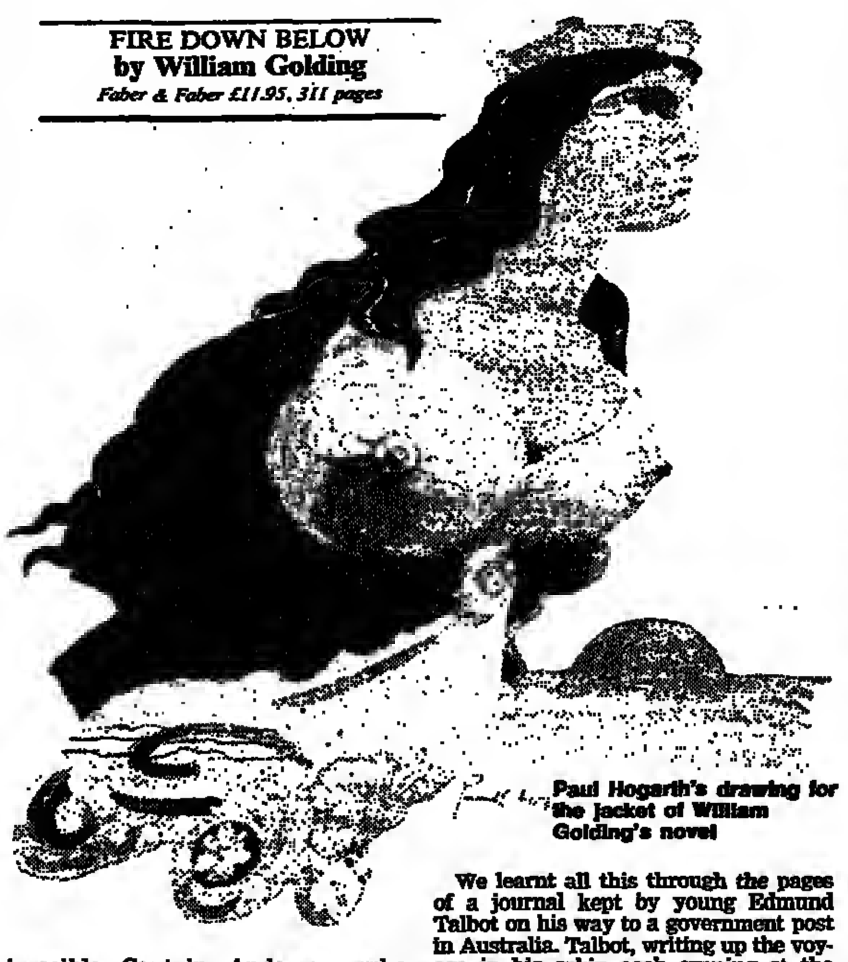
IT NOW seems inevitable that William Golding should have turned to the hazards of a long sea voyage in the days of sail as a fitting theme for his astonishing powers of invention. Golding has always had one underlying and binding notion in his fiction, however varied have been its historical locations: the idea of endurance. He measures time in his novels not by chronometers, though their readings do come into it, but by those seemingly endless periods of survival required for the fulfilment of an impossible task, or the serving of a harsh period of lonely confinement imposed not by the judiciary but by life itself.

A sea-voyage at the end of the 18th century in a man- of-war (one of the "wooden walls") has been the main external event in his last three novels, *Rites of Passage* (1980, winner of the Booker Prize), *Close Quarters* (1987) and now *Fire Down Below*. The hazards of such a journey offered Golding the opportunity to subject his characters to a prolonged endurance test, to an infinite variety of moral shocks and physical surprises, that clearly he could not resist.

Moreover, Golding was himself in the navy during the war, and he still loves sailing. Before he became a full-time writer he was an actor and a schoolmaster, teaching classics. All these former professions have played a part in what must be regarded as his crowning achievement, this now completed sea trilogy. He has a formidable grasp of the mechanics and logistics of sea-faring, and a capacity, even in his 70s, to be thrilled by its rigour and perils. He has an unerring sense for the *coup de théâtre*, either of pure farce or, more sparingly deployed, of chilling tragic resonance. And, without being pedagogic, Golding writes out of a deeply *ingested sense of classical tradition*. The classical allusions are a lightly sketched context to the hubris and nemesis that awaits both passengers and crew.

In setting out eight years ago on this project, whether he had the whole trilogy in mind at that time or not, Golding must have had a sense of the illustrious examples thrown up by his predecessors, Melville, Conrad, Richard Hughes; and, too, the popular commodity in naval nostalgia represented by C.S. Forester and his imitators.

It may be that a consciousness of all these precedents, flashing like buoys across the water at night, prompted Golding to steer a rather wildly eccentric course in his first volume, *Rites*. In that novel the presence of the creaking ship on its long voyage to the Antipodes was solidly established, and so was its irascible Captain Anderson, who brooked no invasion of the quarterdeck by his passengers. We experienced to the full their cramped, fetid accommodation, and the rigid lines of demarcation between the gentry and the emigrants.



Paul Hogarth's drawing for the jacket of William Golding's novel

We learnt all this through the pages of a journal kept by young Edmund Talbot on his way to a government post in Australia. Talbot, writing up the voyage in his cabin each evening at the behest of his godfather, an English peer, was an engaging narrator.

The device of viewing the little world of the ship through the eyes of this *cultivated and arrogant innocent* seemed to promise something distinctly Conrad-like. A tale of insolent pride, and efforts to pull rank, coming before a chastening humbling as the line is crossed and the laws of the sea and the elements take over. "In the destructive element immerse. . ." In part that was what we got, but it was over-shadowed almost to the point of extinction by the character of a Church of England parson, whose failure to establish his authority on board the vessel and subsequent degradation, disgrace and death by suicide, was a disturbingly original climax quite unprecedented in shipboard fiction.

When, after a lapse of six years during which Golding went on voyages of his own to Egypt and India, we heard that a sequel was imminent, we wondered what further horror even Golding could possibly follow the sticky end of Parson Colley with. In the event, Golding ground his ship to a halt in a vast bed of weeds, providing further tests of endurance for its company of an unexpected kind, and then in the midst of this he arranged for another ship with much grander passengers aboard, including some nubile young women, to drift alongside, forming in mid-ocean a vast glittering raft of conviviality.

Suddenly the old magician brought down the curtain on Hakluyt *et al*, and immediately brought it up again on the giggling Mozartian world of Fanny Burney. Once again the trick had been turned and we were left in an ecstasy of impatience for the final volume; but not before young Talbot, having sewed his wild oats in volume one with Zenobia Brocklebank, had met his true fate in vol. two, a Miss Chumley, only to see her sail away again in the other ship in the last chapter.

This was a splendid display of literary virtuosity, but the thought did occur: what about the sea, the real sea, the cruel sea? Surely there must be the most almighty storm before we reach Sydney Cove, our destination. With books like *Typhoon* and *In Hazard* on his shelves it would be unlike Golding to omit that; in this final volume he conveys in his elegant prose all the problems created on such a ship when the sea with prolonged, unbridled ferocity does its best to capsize and wreck it. These problems are as much to do with human behaviour – crisis exacerbates rivalries even while danger unites people – as they are with engineering, and wind velocity.

You will find by the end of the book that you too are beginning to "talk tarpaulin." The fire down below from which it takes its title illuminates its wise insights even if it is not the fire we feared. How right the Nobel committee was to give the prize to Golding!

Setting the scene in a mediaeval power-play

A.L Rowse on a succinct examination of how Britain became the mother of parliaments

IT WAS John Bright, in the high Victorian Age when Parliament was at its apogee, who said: "England is the mother of Parliaments." That was true enough, but how did it come to be? In the Middle Ages other western countries had similar institutions. France had its States General, for instance. Why did not they develop into so regular and powerful an institution?

Butt does not confront this comparative question. I think the answer has something to do with England's smaller size, greater integration, and the efficiency of its national state. Even by the end of the Middle Ages, Parliament had not yet achieved its notable, exceptional place. Not until the Revolution of 1689 can we say that England became a parliamentary monarchy.

What, then, was its place, and what was its use? Butt gives us very clear answers to all that. He tells us succinctly that Parliament's functions were tax-raising and law-making, raising the cash from the country for the purposes of government, not to govern. That was always the job of the monarch, aided by his Council. "The political events which determined what happened in Parliament generally took place off the parliamentary stage. Parliament's influence over the greater questions of politics was occasional and usually, though by no means invariably, marginal."

Actually, one finds Parliament approving what had already been decided by the powers elsewhere, in the case of the deposition of Richard II, for instance. This is signally brought home to us, when Parliament approved Richard III's

A HISTORY OF PARLIAMENT: THE MIDDLE AGES
by Ronald Butt
Constable £30.00, 662 pages

usurpation, and the next moment, only a couple of years after, approved the reversal of all that by the victor of Bosworth, Henry VII.

Butt sees Parliament as the product of practical politics, not an artefact of constitutional theory. He has been struck by the fact that, although Parliament is the central theme of constitutional histories, there was no narrative history describing how it emerged and evolved from politics. He conceives it his task to remedy this and give us a realistic account of how it all happened, up to 1485. In this he has succeeded admirably, and the reader is duly grateful; for constitutional history is not the most scintillating of genres, and we are glad to be spared the quasi-legal minutiae its practitioners are so fond of.

Allied to this is the good practical judgment of a seasoned observer of political affairs; here he cannot be on academic specialists on their particular patches. Of Richard II's fall, he tells us sagely, rather than cynically, "like all politicians who go impatiently against the grain, he was almost bound to fail." *Verb. sap.* Richard was bent on going against the consensus of the governing class – we may take it that Parliament represented this.

A medieval monarch needed to be a fighting man to survive. Richard II was not that; Henry IV, who displaced him, was. (By the way, Henry IV attached importance to the fact that he was the *next in the male* line of succession.) I have never before seen it so candidly urged upon, and by, Parliament that a foreign war was a useful outlet for the militant energies of a fighting aristocracy.

A feature of the book is provided by the long quotations from the Rolls of Parliament, giving one the contemporary flavour of events. Butt describes, justly, Richard III's as "the most criminal of usurpations." The rigmarole he put forth in the parliamentary Roll to justify the most unjustifiable proceedings is a prime specimen of political humbug, and so implausible as to be almost comic. It is curious to think that, if Richard had been content to rule as the power behind his nephew's throne, the Yorkist line might well have continued.

Drawing of a bullock-cart from Fanny Eden's journal

Fairy tales of a girl of fortune

HERE IS a finely-woven tale that combines, in a distinctly Latin American context, the fairy-tale quality of the *Arabian Nights* with the picaresque adventures of a Tom Jones. This novel confirms Isabel Allende's reputation as Latin America's foremost female writer, even if she now observes her continent from the *comfort of California*.

Eva Luna is the child of a chance union. Her mother was a white foundling brought up by missionaries. She decides impulsively that sexual intercourse is the best way to resuscitate an Indian dying from a snake-bite. (Eva means life and her Indian father was from the *Luna, Children of the Mooo* tribe). Such an exotic conception may sound contrived, but Allende handles it with a light touch, establishing a constant inter-action between myth and reality, past and present.

EVA LUNA
by Isabel Allende
translated by M.S. Peden
Hamish Hamilton £11.95, 304 pages

In the closing pages, Eva, the self-taught story-teller, sums up her vision of life, one that Allende obviously wants us to share: "Reality is a jumble we can't always measure or decipher, because everything is happening at the same time. While you and I are speaking here, behind your back Christopher Columbus is inventing America, and the same Indians that welcome him in the stained-glass window are still naked in a jungle a few hours from this *office, and will be there* a hundred years from now. I try to open a path of that maze, to put a little order in that chaos, to make life more bearable. When I write I describe life as I would like it to be."

The maze through which Eva moves is a blurred backdrop of South American history and geography. Chronology emerges only via public events such as the end of the Second World War, the impact of the launching of the Sputnik. The country where Eva lives is nameless as is its capital; nevertheless identification with Venezuela is thinly veiled.

The orphan Eva is farmed out as child-maid to a succession of eccentric households – parsimonious old ladies, a kind-hearted whore, a monstrous minister – until she is taken in by a wandering Lebanese merchant with a hair-lip and an indolent wife. He becomes her mentor and gives reign to her free spirit, closing their relationship with a touching affair. She then heads off to the capital where she meets up with two childhood acquaintances: a trans-sexual now entertaining the country's élite who becomes her protector; and a pimp turned guerilla with whom she falls hopelessly in love.

Her chequered life runs parallel to that of a young German emigré, Rolf Carlé. The well-prepared chance meeting of the two protagonists and Eva's ultimate union coupling is held in suspense until the very end, like Arabian the dawn greeting those who have stayed up all night listening to the tale.

Isabel Allende: Latin America's foremost female writer

Allende is at her best when fantasising and less sure when descending into her chosen reality of ugly rulers, class conflict and guerilla war. The same applies to her characters who are most durable when cloaked in exoticism. Rolf, who becomes a famous television reporter, is little more than a decent white knight, while Mimi, the trans-sexual, who "swallowed enough hormones to turn an elephant into a migratory bird," glides through the pages surrounded by delightful hyperbole.

As in Allende's highly successful first novel, *The House of the Spirits*, she risks here being accused of slavishly copying the style and effects of Gabriel Garcia Marquez. She is obviously aware of her debt to him and even refers to "a thickly mustached Colombian writer" inspiring Mimi to press Eva to put pen to paper. But Gabriel Garcia Marquez is a more than worthy model for any novelist, and now, like him, she should continue to surprise and enchant her readers with her next book.

Robert Graham

Memsahib's memoirs

IN 1835 Lord Auckland (George Eden) was appointed Governor-General of India. Since he was unmarried, his two spinster sisters, Emily and Fanny, accompanied him to help in the running of his Calcutta establishment. His tenure as Governor-General was one of the longest – almost seven years – and also among the least distinguished. Oblivion should rightly have claimed him but for the journals his sisters kept.

Both Emily (1797-1869) and Fanny (1801-49) kept journals of the journey they made with their brother in 1837-38 – travelling from Calcutta to Simla, Lahore and finally to Amritsar to meet Maharaja Ranjit Singh (1780-1839), the "Lion of the Punjab."

Few livelier or more engaging accounts of life in early 19th century India exist. Emily Eden's *Up The Country* is widely known. Edward Thompson, who wrote the foreword to the 1930 edition, praised it *highly. He was, however*, less enthusiastic about Emily's other two literary efforts, her novels, *The Semi-detached House* and the *The Semi-attached Couple*.

Fanny Eden's Journal of her tiger-shooting trip to the Rajmahal hills and the account of her np-country expedition have received less attention. Janet Dunbar has ensured that this shall no longer be so. Fanny's book is a collection of letters she wrote from India to her friend, Eleanor Grosvernor.

These letters are accompanied by striking sketches which Fanny drew on her travels. She was a gifted artist and captured the mood both in writing and in her drawings.

Tigers, Durbars and Kings is a charming, amusing, irreverent, carefree book. Emily was respectable. Fanny is vivacious, more spontaneous, more disarmingly candid. No post-1857 memsahib could have written such a book. The year 1857 was the great watershed in Indo-British relations, right up to 1919 when the Jallianwalah Bagh massacre took place. After 1857 British attitudes to India and Indians changed. *Fanny Eden's journal* is as un-Victorian as it could be. Indians of all classes are treated with amused consideration and aristocratic tact, never as lower breeds. Here is a most unmemsahib-like observation: "Those people [the Indians] must have been so very magnificent in what they did before we Europeans came here with onr had money-making ways."

TIGERS, DURBARS AND KINGS: FANNY EDEN'S INDIAN JOURNALS 1837-38
edited by Janet Dunbar
John Murray £13.95, 202 pages

In October 1837, Lord Auckland embarked on his journey, accompanied by his two sisters and 12,000 others. The round trip covered 3,000 miles and lasted over 2½ years. The modes of transport were as slow as they were varied: boat, horse, elephant, palanquin and an assortment of carriages. Discomfort, heat and dust were overcome through pomp and circumstance.

Fanny Eden missed nothing. Ranjit Singh's durbars and court life are described with precision and wit. The sketches that go with the text are very good – men, women, animals, durbar, tents, buildings, are well and faithfully drawn. Ranjit Singh could be a tease. At one of his parties he noted his distinguished British guest's long silence. The interpreter translated Maharaja's gentle rebuke thus: "My lord, the maharaja says he wishes your lordship would give him a little more friendly conversation."

Here is Ranjit Singh again pulling Auckland's leg, at yet another party: "He drank harder himself and got very drunk, and tried hard to make George drink. When a man drinks hard enough", he said, "he opens his heart and tells all kind of nonsense, and that is right among friends." He asked if it was true that books were written against drinking, shook his head, and said what foolish books they must be.

Behind all this fun and games serious business was also being transacted, pacts made and treaties signed. Fanny Eden's journals have élan and verve, missing in her sister's weightier work on the same subject. If I were asked which of the two books I would take on a holiday, I would pick *Tigers, Durbars and Kings*.

K. Natwar-Singh

Dull days at the Club

THE United Arts Club, or Arts Club as it is usually called, was founded in 1907, not by W.B. Yeats, a common misconception, but by a woman called Ellie Duncan. For the fee of one guinea per annum, members were offered "a Club combining the usual advantages of a Social Club open to both ladies and gentlemen, with features of special advantage to workers in Art, Music and Literature."

Count Casimir Markievicz and his wife, Constance, W.B. Yeats and his brother, Jack, Lady Gregory, George Moore and James Stephens were all members in the early days. A studio was provided for artists; musical evenings and monthly dinners were held. In 1919, the club moved to premises in St Stephen's Green, where it, and some of its members, were caught up in the fighting of 1916. In 1930, it moved to its present premises in Upper Fitzwilliam Street.

The history of such an institution should make fascinating reading. Unfortunately, Patricia Boylan has chosen to concentrate on the many obscure people who carried out the donkey-work on committees and sub-committees, providing a meeting place over the years for Patrick Kavanagh, Sean O'Faolain, Lady Glenavy (Beatrice Campbell), Brendan Behan, John Ryan, the sculptor, Eddie Delaney, the painter, Paddy Collins, poets Michael Hartnett and Desmond O'Grady, to name but a few.

ALL CULTIVATED PEOPLE: A HISTORY OF THE UNITED ARTS CLUB, DUBLIN
by Patricia Boylan
Colin Smythe £15.00, 296 pages

Instead of accounts of the latter, we are given tedious paraphrases of the Minute Books and numerous potted biographies of the lesser-known members, making the place sound dowdy and provincial. The tone is irritatingly coy; everything is reduced to tittle-tattle – "reliable sources say that Phibbs popped the question in the club." One cannot expect much from an historian who finds it necessary to remind her readers that "in Dublin of 1907 . . . there was no television or radio."

No attempt is made to assess the role of the United Arts Club in the development of the arts in 20th century Ireland. This is a shame because, however much Irish writers and artists may run down the Arts Club, they also regard it with a strange kind of affection. It is taken for granted in all its awfulness as an important and living part of the country's artistic heritage. Fierce indignation would erupt were it ever threatened with closure. There is a very lively book to be written about a place that inspires such ambivalent feelings. Patricia Boylan has written the official history. What we need is the unofficial one.

Alannah Hopkin

Just whistling Dixie

"YOUR VISIT to Georgia isn't strictly news," says the editor of the *Boyville Bugle*, Goodall, Boyville, Atlanta, to Roy Kerridge. The town and the *Bugle* areo't strictly oews either because Kerridge has unpacked them from the traveller's bag labelled "fictional names," which he scatters across two of his chapters.

This makes him unreliable. No Mason-Dixon line divides fact from fiction, but credibility depends on keeping them distinct. Kerridge confides: "Travel *writing* (which is full of misadventure) is different from *tourist* writing, where nothing can go wrong."

Misadventure in the wake of the great Depression produced the Works Progress Administration's 1935 Federal Writers' Project Guides to America for the "useful employment of writers." These Guides made local folklore history, sociology and zoology accessible, and have matured into an American epic. Read them to know the South.

Kerridge takes his own guides, Booker T. Washington and Zora Neale Hurston. They set the tone for his round trip excursion from New Orleans across eight southern states, part fiction and part *autobiography*.

He writes engagingly of the people he meets: in New Orleans ("N'Awlins"), the Jackson Square tuba player oamed "Tuba" at birth, and the quartet of singing fudge-makers in Riverwalk Mall; on the Mississippi, the plantation-owner studying Redemptive History ("mab perfessor is sucb a clever mayun") and, in Texarkana, Jimmy and Dolores, who sing delta blues and admire Tom Jones.

He catches the rhythms of

IN THE DEEP SOUTH
by Roy Kerridge
Michael Joseph £14.95, 339 pages

speech and music but maintains a quiet, amused wariness of Southerners. The book delivers songs and dialogue, bringing Kerridge closer to musical chroniclers of the South (David Byrne, Randy Newman, Paul Simon) and farther from journalist-travellers (Hunter S. Thompson, Trevor Fishlock). The main impact of this warm-hearted and hnmane book comes from Kerridge's constant return to international diffsrences, clearsst in snatches of talk. This is not Gonzo Journalism, but Gringo Journalism.

Kerridge extends the approach of his *People of Britain*. He sidles up to his subjects, trades remarks, retails stories. For example, be *embarks on his visit* to Adams County Jail, Natchez, by glancing through *The Afro-American* Lonely Hearts ads, which warn "No Inmates" (convicts); then he visits ths jail, finds no whites and discovsrs that the prisoners stay in their cells for 19 hours at a stretch.

He also lays bare the South's harsh past: the Trail of Tears marks the enforced movement of the entire indian nation to the area west of the Mississippi during the 1830s. And he has an eye for irony: Sauk Indian chief Black Hawk, who raised the Union Jack against the Americans in 1832, advised whites to solve "the Negroes" problem by separating men from women, sending ths women to tbe Indians as slaves.

The excursion returns him to New Orleans via Chattanooga, Atlanta, west through *Mississippi and Louisiana* to Dallas, south to Houston and then east along the coast. He travels cheaply and lithely, but is finally corralled into an expensive New Orleans restaurant by a hungry jazz archivist: "Yon writers get sxpenses, don't you? Good, good!"

Andrew St. George

Crime

THE HONOURABLE DETECTIVE
by Jeffrey Ashford
Collins £9.95, 228 pages

JEFFREY Ashford has produced another terse, convincing and appealing story. Again, the main characters are policemen, of varying degrees of idealism, cynicism, devotion to duty, or to bureaucracy. It begins with what seems a trivial if nasty hit-and-run. The victim is not seriously hurt, but a Detective-Constabis sticks with the case, despite opposition from his superiors, and it leads him to far more evil crimes. A number of incisive portraits along the way.

WYCLIFFE AND THE TANGLED WEB
by W.J. Burley
Gollancz £10.95, 191 pages

YOU CAN always count on Wycliffe, and not only to solve the crimes he encounters. He inevitably guarantees a good story, straightforward prose, convincing characters, and, in this novel, appealing landscape and seascape. A schoolgirl in Cornwall disappears. Eventually tha body – and the murderer – are found; but the solution, with all its byways and red herrings, is more fascinating than the crime.

William Weaver

MOTORING

Times, gentlemen, please

***John Griffiths** reports on the business breed of motor racers*

ANYONE STROLLING around the paddock at Brands Hatch motor racing circuit today will find a group of men looking vaguely as if they have lost their way to the boardroom. And, indeed, the group will include Malcolm Young, who is on the board of Wilky Group, a Guildford-based industrial and commercial property group; Peter Spooner a partner in Edward Erdman, the London chartered surveyor; and Richard Horn, managing director of an agricultural machinery company in Witney, Oxfordshire.

Also in the group, but lacking that sartorial sharpness that comes with the main-stream business world, will be the tall, bearded figure of Neville Marriner, a Daily Mail photographer, and a somewhat overweight figure bearing a passing resemblance to the the Michelin man – me.

We have in common that, after reaching in our late 30s and 40s an age that should betoken maturity and sound judgment, we have all taken up – or are returning to – motor racing.

Young, Spooner and the rest are representatives of an already large and growing phenomenon of the affluent 1980s – the businessman racer. They, along with several hundred other executives and professionals, are filling an increasing number of motor racing grids all over the country, usually in some form of historic or classic racing car.

More than 80 drivers alone are entered for "our" series, the MG Car Club's MG BCV8 championship. And there are a growing number of championships for Jaguars, Aston Martins, Austin Healeys and other cars of their ilk.

Younger men do get a look-in. Tony Price, proprietor of a frantically energetic race car preparation and restoration company and winner of "our" championship for two years in a row, is in his early 30s. Some competitors are even in their 20s. But Young, 39, whose company has a three-year deal to sponsor the BCV8 championship, says: "A great many of those taking part are 35-year-old-plus senior executives or those owning their own companies.

"They have settled their wives and children into a comfortable existence, got over the worst of their mortgage, and are now indulging themselves in a motor racing dream which has been with them since youth when they couldn't afford it."

Young came late to the sport, entering his first race in 1987. But that does not mean his racing career, or that of similarly aged executives, must necessarily be over only a few years after it has begun. They can look to the example of Peter Foden, one of the UK's ultimate businessman racers and chairman of the heavy truck company that bears his name.

At 58, he runs a 170 mph Aston Martin DB5 and revels in being able to put up lap times only marginally slower than those of Willy Green, the Le Mans veteran who drives the car when Foden himself is otherwise engaged on truck business.

Marriner, who has been racing since 1978 and is chairman of the BCV8 championship, believes the popularity of "gentlemanly" motor racing among the business community is certain to grow because of increasing affluence and the popularity of high performance business cars like Ford's Sierra Cosworth.

Gentlemanly it might be but slow it is not. Some of the V8 cars in the BCV8 championship are capable of 160 mph-plus. Last year, Price won the championship in a Class B "modified road-going" MGB of under two litres. His lap speeds were on a par with the fastest cars in the UK 's "one-make" championship for modern Porsches.

Marriner, who won the championship in 1980, says costs are not as high as many might think because their owners are at the wheel of appreciating assets; the MGB is becoming a collector's item. And, as Price points out, a race car maintained properly is likely to be worth at least as much at the end of a season as it was at the beginning.

Theoretically, says Marriner, it should be possible for a would-be competitor to build a car himself and put it on the track for £2,000. To that, however, must be added £50 in entry fees for each of the championship's 19 rounds, petrol, and other travelling expenses on a championship that includes a round at Spa in Belgium as well as UK circuits.

My own limited experience of the championship so far is fairly middle of the road in spending terms. Barry Sidery ("Sideways") Smith, the championship's founder and president, located a Class C full race model for me, as he has done for many others. It cost me £5,500 although it had not been raced for several years. But it did have a completely rebuilt engine.

There was an immediate bill of £490 for bringing the brakes up to scratch, installing a safety foam-filled aluminium petrol tank and other general refitting. The updated fire extinguisher system cost another £170, and both sets of racing tyres – separate ones for wet and dry conditions – were scrap, requiring sophisticated new rubber. The bill for two complete sets can approach £1,000.

The car should complete its first practice laps today, with an initial outlay of around £7,000.

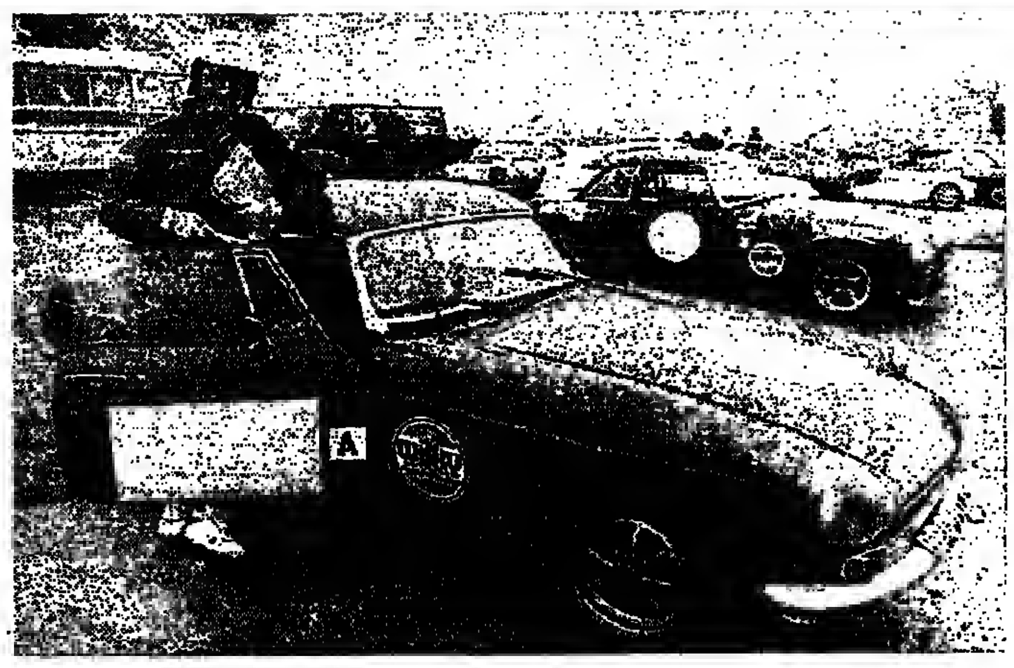
Camaraderie remains the most obvious aspect of the championship, on and off the track. "There are no hotheads – just generally articulate, mature guys who have enthusiasm for motor sport as a hobby," says Marriner. But behind all the jollity lurks the simple fact that motor racing can damage your health – terminally.

So is it not irresponsible for men with substantial business and family responsibilities to indulge in it? Spooner – married with two pre-teen boys – is pragmatic about the risks. "If it wasn't motor racing, then I'd be doing something else like it," he says. "It's like an injection of adrenalin straight into the bloodstream."

He admits there is an element of "it can't happen to me" in his thinking but stresses also that motor racing is much safer than it used to be because of tough fire and roll-over regulations.

As for his career, he acknowledges he has met concerns about his racing activities from others in his partnership. "But the firm is fully insured and, if anything happened to me, there would be cover for my business dealings. Basically, I feel strongly about working to live and not living to work."

☐ *John Griffiths will be writing about his experiences from time to time during the racing season.*



Peter Spooner and his MGB: "If it wasn't motor racing, then it would be something else"

Malcolm Young (in car) with grand prix coach John Stevens, whose pupils have included formula one ace Nigel Mansell

A cheap Citroen

THE CITROEN AX diesel has gone on sale in Britain at prices that make it the cheapest as well as the liveliest small diesel on the market. The three-door AX 14RD costs only £6,553, its five-door version is £6,790, and the poshest AX 14 DTR (pictured) is £7,211.

"Drive it for performance – take the economy as read," urged Citroen's man when I tried the AX in the West Country. So I did. I found it ran up to 80 mph (129 kmh) in fourth gear but pulled smoothly in fifth at 30 mph (48 kmh). Claimed top speed is a believable 96 mph (155 kmh).

More important is the engine's liveliness and quietness throughout the speed range. Except when idling, you could believe you were driving a petrol-engined AX.

The official figures suggest that only the leaden-footed will get less than 50 mpg (5.65 l/100 km). A week-by-week average of 60 mpg (4.7 l/100 km) could easily reward a sensitive owner. Consumptions on the media launch ranged from a sporty magazine's 42 mpg (6.72 l/100 km) – did they realise it had five gears, not three? – to a shade over 70 mpg (4 l/100 km) from an economy-minded driver.

The engine has been developed from the PSA Group's TU series petrol engine used in all other AXs. It was designed for easy dieselisation and has some ingenious features, among them a combined fuel filter and heater. Capacity is 1,360 cc, output 53 horsepower at 5,000 rpm, and it pulls hardest at 2,500 rpm.

Servicing intervals are the same as for a petrol engine, with oil changes every 6,000 miles (10,000 kms). Citroen forecasts that of the 30,000 AXs it will sell in Britain this year, between 4,000 and 5,000 will be diesels.

They cost only £314 more than their petrol equivalents, are just as comfortable and driveable, and promise to be even cheaper to maintain. An AX diesel would be a sensible buy for people with an above-average annual mileage who drive a lot in traffic and begrudge every penny they spend at the filling station.

S. M.

How motorists can stay miles ahead

***Stuart Marshall** provides some guidance on those puzzling consumption figures*

WE ALL KNOW that the offical miles per gallon (or litres per 100 kilometres) statistics put out by the Department of Transport under the Passenger Car Fuel Consumption Order 1983 should never be taken too literally. They are only a guide to what an owner can expect. But how should they be interpreted so drivers will not reckon they have been misled.

My rule of thumb is to average the urban cycle and constant 75 mph (120 kmh) figures. Experience proves this is not far out for a car that gets its fair share of short trips as well as motorway journeys.

The figure to disregard altogether is that for constant 56 mph (90 kmh) driving. Unless you are exceedingly light-footed and use your car only for long runs at unrealistically low speeds, it serves only to mislead.

To give one example. The DoT's steady 56 mph figure for a Ford Granada 2.9 automatic is 39.8 mpg (7 l/100 km), and 53.3 mpg for an Austin-Rover Montego 1.6 manual. My rule of thumb gives a real world, week-by-week average of 25.8 mpg (11 l/100 km) and 35.3 mpg (8 l/100 km).

This is probably about right. Of course, if owners do most of their driving in city streets or on trips of less than 10 miles, the figures will be worse. And if on motorways, they will be better.

One short trip after another with lots of cold starts make petrol-engined cars very thirsty but have little effect oo a diesel car's economy. It is fast motorway driving (and I mean at the sort of speeds that put one's licence at risk) that reduces their advantage over petrol-engined cars.

Recently, the government's Transport and Road Research Laboratory came up with a formula for forecasting a car's likely overall fuel consumption accurately. The method, says the TRRL, is simple – and since I can do it on a pocket calculator, it really can't be too difficult.

You divide 0.60 by the official urban cycle figure, divide 0.26 by the 56 mph (90 kmh) figure, and divide 0.14 by the 75 mph (120 kmh) figure. Then add up the answers and divide 1 (I mean the figure one) with the result.

The TRRL gives as an example a 1983 Ford Fiesta with official figures of 39.8 mpg (7.09 l/100 km) for the urban cycle; 53.2 mpg (5.31 l/100 km) at a constant 56 mph/90 kmh; and 37.8 mpg (7.47 l/100 km).

The answer is 42.25 mpg (6.68 l/100 km). I suspect many 1.1-litre Fiesta owners whose mileage is 60 per cent urban, 26 per cent out of town and 14 per cent motorway cruising at 75 mph (120 kmh) would confirm that as about right.

You can, of course, change the 0.60, 0.26 and 0.14 figures to match the actual proportions of your urban, open road and motorway driving. (They represent the percentages broadly).

For my own car, assuming 20 per cent urban, 50 per cent open road and 30 per cent motorway driving, the TRRL formula gives 49.7 mpg/5.69 l/100 km.

Actually, I don't do quite as well as that. My last *5,000-mile (8,000 km) check* – I record what I put in every time I fill up – yielded 46.55 mpg (6.06 l/100 km) although I have had up to 53.4 mpg (5.29 l/100 km) on a tankful used for leisurely off-motorway driving.

A Chelsea garage at £30,000

A COMBINATION of half a century of industrial decay, a stratospheric increase in inner London site costs, and an equally impressive rise in residential prices make it commercially viable to carve homes out of riverfront wharf sites and warehouses. Now that the process of opening up the Thames to homeowners is well under way, much of the attention has tended to focus on the Docklands east of Tower Bridge (apart from mega-schemes such as Chelsea Harbour in the west).

That is an understandable bias, given that the area is providing far and away the largest addition to the capital's housing stock for generations. Some 11,000 new homes have been completed there already, a further 6,000 are in the development pipeline and a further 13,000 are planned. But only a comparatively small proportion of those new homes are on the riverside and the docks have no monopoly on river views.

Chelsea, west of the Royal Hospital grounds, offers some of the classic inner-London riverside views. In the reconstructed apartment block within the Grade II-listed 1875 Cheyne House at 18 Chelsea Embankment, SW3, agent W. A. Ellis (tel: 01-581-7654) has eleven 999-year leasehold flats from 1,400 to 3,250, sq feet and priced between £500,000 and £875,000.

Car-parking in Chelsea is highly-prized and the 11 garage spaces in this block are available at £30,000 each.

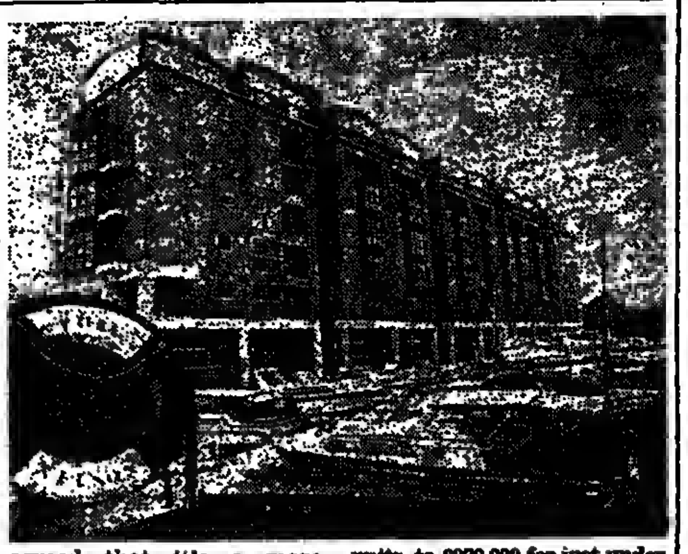
John Brennan

THE SCANDINAVIAN designer-chic of Greenland Dock in the Surrey Docks area of Rotherhithe, south-east London, developed by the Danish firm Islef, either appeals strongly or looks uncomfortably stark against its watery surroundings. When it came to the developer's next residential scheme, the 156-apartment Port Nelson up-river from the Surrey Docks, agent Debenham Tewson & Chinnocks' Residential advised Islef and its fellow-Danish partner, the international civil engineering group Hoffmanns, that a more English compromise might have broader appeal.

As DT&C's Michael Tims explains: "People have already seen at Greenland that their work is to an incredibly high standard, but it's a bit too modern for some people. At Port Nelson, it's the same standard; but with an existing warehouse as well as the new buildings, the people who have been around the first phase seem to agreed that it's a more English-looking scheme."

DT&C (tel. 01-237-1267) is selling 125-year leases on the first 15 flats in the scheme for between £185,000 for 700 sq ft units, to £270,000 for just under 1,300 sq ft in two-three bedroom units. There are more car parking spaces – selling at £7,000 a time – than flats.

J. B.



NO ONE NEED be rushed into deciding which stretch of river view they want their mortgage to finance these days. Instead of being jostled in the rush to buy from a site plan, there's the opportunity to look on the bright side of high interest rates, put what money you can on deposit, and rent.

Docklands offers best value in terms of the range of new space for your money. It is not only competition to attract some rental income from owners who have bought for investment purposes; there is also the fact that a good number of the live-in owners work out of town or out of the country for stretches of time each year, and are happy to rent.

Properties on offer through Keith Cardale Groves' Docklands' lettings office (tel: 01-407-2790) show price ranges from just over £100 for a studio flat, and just £130 a week for a two double-bedroom townhouse on the Isle of Dogs, to £550 a week for one of the three double-bedroom Georgian houses overlooking the river at Wapping Pierhead, E1. An equivalent house in Chelsea, west London, would be at least three times that.

COUNTRY PROPERTY

LONDON PROPERTY

PROPERTY

'The year of the site-buyer's market'

There isn't a Docklands crash, thinks ***John Brennan****, it's more of a pricing problem*

WHEN YOU need a spoiler on the tail and half a yard's width of rubber beneath each corner of a Daimler Jaguar saloon, you're dealing with a car that could comfortably squeeze a couple of legal speed limits onto the clock. But the elegant red monster used by Ian Rowberry, the managing director of Rosehaugh Copartnership, to tour his development sites rarely gets sight of an open road.

The residential property subsidiary of commercial developer Rosehaugh has yet to stray beyond the two central Londons. Two? Well, there's the west-central London on which everyone agrees and there is Docklands, where perhaps half of the £330m completed value of Rosehaugh Copartnership's developments are tied into five apartment block schemes, from Bermondsey to the Isle of Dogs.

Visiting these down-river developments gives the Jaguar little opportunity to show its paces, given Docklands' geriatric road traffic systems. And there is a degree of irony in the fact thet Rosehaugh'a namesake parent company is one of the most active of the commercial property developers, creating City and mid-town office space in direct competition to Docklands' office towers. Rosehaugh's massive King'a Cross scheme alone represents one of the most important mid-1990s' alternatives to the Docks for commercial occupiers squeezed out of the West End and City.

Rowberry sees no irreconcilable logic in operating at both ends of town while his corporate parent strays no further east than Spitalfields. Docklands, to his mind, is still central London, albeit a central area that should rightly be priced at a discount. "London has always suffered a drip feed of (housing) stock and it is only in Docklands that there is any significant increase in the supply of properties. So you should not, you cannot, exclude it," he says.

As for the autumn and winter's silence at the sales offices across Docklands, Rowberry sees no reason to be either surprised or depressed about it. "It's really only a pricing problem. Everything went quiet after the ending of double tax relief and successive rate rises in the autumn because people had been becoming nervous about the rises. The market was just looking for a trigger."

"So, however cheerful the agents feel they have to be, there is no doubt it has been quiet all over. In Docklands, you have had people who have been hearing about a 'crash' coming in and offering 70 per cent of the asking price for flats. But you just don't do that."

The point is that there isn't any Docklands crash, any more than there is a general London residential market crash. With a substantially greater value of construction work under way along the River Thames east of the City than in the entire Channel tunnel project (even after the Heath Robinson-like decision to hide the landside rail link in "environment-friendly" holes), there can be no serious doubt about the area's future status as the other half of the capital's central area. And any residual question marks over at least the first 2.5m sq ft phase of Canary Wharf have been silenced convincingly by Merrill Lynch's decision to move there in 1990. The only problem about the area is one of timing.

Right now, tha individual scavenger flat-hunters are being sent away disappointed. But there are bargains to be had. For cash-secure developers like Rosehaugh, Rowberry believes that 1989 is shaping up to be a classic site-buyers' market. The combination of high interest rates and low sales volume has transformed last year's cash-flow forecasts for those developers who bought land at values anticipating further price increases and a continuing fast turnover of completed properties.

Ian Rowberry of Rosehaugh

The bigger developers can afford to take a long view. But for those who jumped on the bandwagon just as the Chancellor started to stamp on the brakes, Rowberry expects that the next few months will mean a series of progressively less jovial meetings at the bank, followed by an early-summer rush of development site resales.

"People take time to absorb bad news and I would guess that it will be the middle of the year before we see many bargains about," he says. "But it will be in raw land stock, not in completed properties."

Rowberry echoes the view of most Docklands' watchers who have felt for some time that site costs have run ahead of the market. He recalls that the Bayswater, west London, site for Rosehaugh's recently-completed 28 apartments at Alexandra Court in Moscow Road was bought at the same time as the land for The Anchorage at Sufferance Wharf in Cuba Street, E14, just down from Canary Wharf on the Isle of Dogs.

"When we were negotiating on those two sites, the land values were pretty well the same. Now, when an established West End location is the same price as land on the Isle of Dogs, you have to think that either West End prices are cheap or that Dockland prices are dear because there has to be a reasonable differential between an area that has all its infrastructure in place and one where it is still being built around you."

With that in mind, Rosehaugh entered into a joint development arrangement with Barratt East London on the 400-flat Lavender Wharf scheme at the Limehouse Reach bend of the Thames in Rotherhithe. Negotiations for that five-acre riverside site illustrate the way in which the tide had already started to ebb for Dockland land prices well before Chancellor Lawson's anti-spending diet.

"Burmah Castrol had that land under offer at £15m just before the October 1987 crash," says Rowberry. "That didn't materialise. It then went under offer at £12m and that fell through. Finally, we (Barratt East London and Rosehaugh) bought for £10m with an arrangement so that Burmah get more if the development is a roaring success."

That kind of surplus profit-sharing arrangement is becoming increasingly popular as a way of settling on a price in an uncertain market although Rowberry, at least, doesn't regard it as particularly uncertain. "Having seen the market through the early 1970s and the beginning of the '80s, when everything dried up, it's no surprise to be into another quiet period."

Rosehaugh is pretty well insulated in a quiet year. Demand consistently outstrips the supply of flats in St John's Wood, north London, and the company's 110-apartment scheme at 20 Abbey Road, NW8, will not be testing the market until 1990. South Kensington tube station must rank as another safe-short-of-revolution location, and it will be two to three years before the group has to bother about sales of the 135 flats in a mixed office, retail and housing schame partnered with AMEC and Tarmac.

Of this year's launches, it is only a matter of weeks since the 28 flats at Moscow Road (priced from £165,000 to £395,000) were launched through agent Alex Neil (tel. 01-221-2000), so it is too early to tell how well they are selling. Of the 140 flats from £145,000 to £375,000 in the near-completed New Caledonian Wharf, SE16, seven in 10 had been sold off-plan long before the building was completed.

Rowberry gives the lie to the idea that all of the property futures'-buyers in Docklands over the past few years were speculative investors who bought only to trade. He reports that contracts have now been exchanged on 65 of those flats, which enables the joint sales agents for New Caledonian (Alex Neil and Prudential Property Services, tel. 01-357-8383) to start this summer's sales programme from around the halfway mark.

Selling the other half of that block won't be so easy and Rowberry has no illusions about the market's immediate prospects. "I think that things won't start to take off again until the end of the year. We'll be making sales but I'd think that, generally, it will stay pretty flat, with prices stagnant in money terms probably until late this year or into spring 1990."

Period pieces

EVEN IN a quiet winter market distinctive properties still draw viewers, if not the competitive queues of prospective buyers that were common last summer. The restored, four-bedroom Old Mill at Kilve, Somerset, is distinctive enough for agents Strutt & Parker (0823-277261) to pitch the guide price at £250,000.

Nick Evans of S&P says: "We don't have the situation where there are four or five people breaking each other's arms to buy the same property. But those who are looking do want to crack on, and they want to buy before more people start looking in the spring.

"There are more new people looking all the time as their jobs move to this area and you have the reverse of the holiday cottage syndrome, with families moving to the country and people keeping a flat in town if they need to."

This year, with new buyers and frustrated would-be buyers from last year back in the market, Evans doubts if period property values are under any threat; indeed, quite the reverse. But as the the number of properties available rises into the spring and summer, he thinks that people may not need to search so far west to find what they want.

12 AVENUE ROAD ST. JOHN'S WOOD · NW8

For those who demand the very best

Naturally the location is perfect, just a 100 yards from Regents Park. Obviously, the accommodation in this magnificent new building is designed and equipped to the very highest standard. But, uniquely, each residence is one of a kind – a spacious configuration of 4-5 bedrooms, reception rooms and recreation rooms on 1-3 floors. Three residences have swimming pools and saunas. One has a jacuzzi, a sauna and a gym. All residences are air-conditioned and all have terraces, gardens or patios and two garage spaces, while the building itself has a 24-hour porterage and a sophisticated security system.

Prices from £1,000,000

For Full details Contact Joint Sole Selling Agents:

Anscombe & Ringland
Hogg Robinson Property Group
88 St. John's Wood High Street, St. John's Wood, London NW8 7HX.
Tel: 01-586 3111
Fax: 01-483 2343 Telex 299660

GILLANDS
41-47 Barrow Hill Rd., St. John's Wood High St., London NW8 7AH
01-586 8001

Because the best is always in great demand.

Show house open Sunday 12th March 11 – 5pm

SHEENDALE STUDIOS
· RICHMOND ·

Sheendale Studios is a development of six freehold studio houses, quietly and conveniently located in Sheendale Road, a street recognised to be of townscape merit. The studios have been designed by Pierre d'Avoine Architects and represent a unique and outstanding concept in modern living.

The accommodation offers:—

All floors and staircases are constructed in solid oak.

KIMBER & KIMBER
92 Kew Road, Richmond, Surrey.
Tel: 01-332 2525

Ellis & Co
17 Highfield Road, NW11
Tel: 01-458 3252

COPENHAGEN GARDENS

Southfield Road, Chiswick, W4

Classic Designs from a Bygone Era

- SUPERBLY EQUIPPED KITCHENS
- BEAUTIFUL BATHROOMS
- INDIVIDUAL GAS CENTRAL HEATING
- TOP QUALITY DESIGN
- CLOSE TO EXCELLENT SHOPPING FACILITIES
- EASY ACCESS TO TURNHAM GREEN DISTRICT LINE TUBE STATION
- PICTURESQUE LANDSCAPING
- GARAGES AND CAR SPACES

Show houses open Saturday and Sunday

994 1660

2 bed mews houses – from £154,000

4 bed town houses – from £189,000

For further information contact joint agents:

QUINTON SCOTT 946 7780

barnard marcus 01-742 1444

CUT YOUR MORTGAGE RATE

LONDON PROPERTY

PRUDENTIAL
Property Services

HYDE PARK OFFICE

MAYFAIR OFFICE

PIMLICO OFFICE

KENSINGTON OFFICE

DOCKLANDS OFFICE

LITTLE VENICE OFFICE

CHELSEA OFFICE

TOWER BRIDGE OFFICE

LONDON DEVELOPMENTS

Nestled within Chiswick's rural landscape lies Chiswick Place, a collection of truly classical apartments and houses. Their bold balustrades, imposing balconies and traditional fireplaces; inspired by the Palladian architecture of nearby Chiswick House, offer an exclusive ambience rarely found in new homes today. Whether a one or two bedroom apartment or an elegant four bedroom house in its own regency style circus, Chiswick Place is attracting a high level of attention.

Prices start from £127,500.

CHISWICK PLACE
LONDON W4

BARRATT
Britain's Premier Home Builder
Barratt Central London Ltd
1 Wilton Road
London SW1V 1LL
01-828 5599

SEE CHISWICK'S CLASSICAL NEW HOMES

Domus deis idoneae

Call 01-742 1185 for more details or a personal viewing.

COUNTRY PROPERTY

Knight Frank & Rutley

Hertfordshire/Bedfordshire Border

Luton 6 miles. Hitchin 5 miles. London 34 miles.

A fine residential, agricultural and sporting estate in a highly accessible location

House with 4 reception rooms and 9 bedrooms.
Farmhouse. 2 cottages. Coachouse. Tennis court.
Arable farmland. Woodland. Pheasant shoot.

About 324 acres

As a whole or in 5 lots

Apply: London 01-629 8171 (AJBM/21883)

Lincolnshire Wolds

Market Rasen 5 miles. Lincoln 24 miles.

An exceptional residential and commercial arable estate (mainly Grade II)

Georgian farmhouse with 5 bedrooms.
5 modernised cottages.
Modern arable buildings with capacity for about 2,900 tons.

About 950 acres

As a whole or in 10 lots

Apply: London 01-629 8171 (PRC/21877)

Surrey

Wentworth. Ascot 4 miles. Heathrow 14 miles. Waterloo 15 minutes.

Probably the finest house on the Wentworth Estate

Hall, 4 reception rooms, 9 bedrooms, 4 bathrooms, domestic offices.
Staff flat and cottage annexe. Lodge. Studio and garaging.
Beautiful mature gardens. Hard tennis court. Swimming pool.

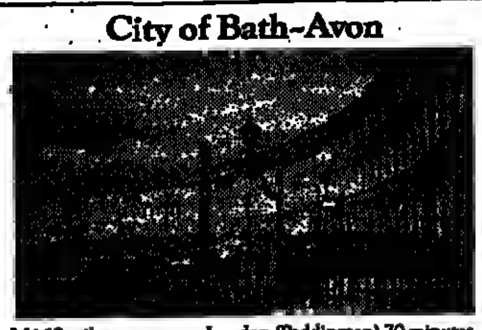
About 8¼ acres

Joint Agents: Savills, London 01-499 8644
Knight Frank & Rutley, Ascot (0990) 24732 and London 01-629 8171 (AHJH/22531)

London 01-629 8171
20 Hanover Square, London W1R 0AH

CLUTTONS

City of Bath–Avon



M4 10 miles London (Paddington) 70 minutes

An outstanding complete Grade I Georgian House in beautiful Lansdown Crescent.

3 Reception Rooms, 7 Bedrooms,
3 Bathrooms, Large Basement Area.
Third Floor Flat, original Grade II Mews House and garaging with planning permission.
Lovely Walled Garden
For Sale as a Whole or in 2 Lots
Bath Office, Tel: (0225) 69511

127 Mount Street, Mayfair, London W1Y 5HA; Telephone 01 499 4155
Head Office: 45 Berkeley Square, London W1X 5DB
Also: Chelsea, Dockland, Kensington, Knightsbridge, Arundel, Canterbury, Carlisle, Edinburgh, Folkestone, Harrogate, Haywards Heath, Leeds, Oxford, Wells. Bahrain, Dubai, Oman, Sharjah.

EGERTON

WEST SUSSEX - Halnaker
Chichester 4 miles. London 60 miles

AN EXCEPTIONAL COUNTRY HOUSE BY SIR EDWIN LUTYENS IN AN OUTSTANDING POSITION ON THE GOODWOOD ESTATE WITH MAGNIFICENT VIEWS TO THE COAST.

Hall and 5 Reception Rooms, Kitchen and Domestic Offices, 5 Principal Bedrooms and 5 Bathrooms, Second floor Bedrooms and Bathroom. 2 Self Contained Flats. Integral Garaging. South Facing Terrace overlooking Gardens and Grounds.
In all about 11 Acres.
LEASEHOLD FOR SALE

Apply: Egerton Limited, 30 Berkeley Square, London W1X 5HA Tel: 01 493 0676

30 BERKELEY SQUARE, LONDON W1X 5HA
01-493 0676

SAVILLS

SURREY – Cranleigh About 200 ACRES

London (via A3) 40 miles, Guildford 10 miles.
Rydinghurst: An exceptional small estate with potential for a variety of alternative uses (subject to planning).
Substantial principal house overlooking parkland.
Formal gardens, walled kitchen garden. Stable block and watered paddocks.
Lodge, staff flat and 2 further cottages.
Rolling farmland, mature woodland with enjoyable shoot.
Savills, Guildford. Tel: (0483) 576551.
Savills, London. Tel: 01-499 8644.

01-499 8644 20 Grosvenor Hill, London W1X 0HQ

BATHROOMS

CZECH & SPEAKE
OF JERMYN STREET

MAKERS OF FINE BATHROOMS

The Czech & Speake Bathroom, as mentioned in discriminating estate agents' particulars, is the only bathroom brand to give added value to your home.

WEEKEND FT
Advertisement Rates

	Per line (min. 3 lines) £	single col cm min 3 cms £
Residential Prop (mono)	8.00	27.50
(Full Colour)	-	40.00
(Spot Colour Per Colour) £70.00		
Personal, Mail Order, Appeals, Education,	10.50	33.50
Motors, Travel	4.50	20.00
Diversions	-	33.50
Weekend Business	13.50	46.00
Arts, Collecting	10.00	33.50
Art Galleries	2.80	-
Books Page	-	25.50
Books Panel	-	33.50

All prices exclude VAT

For further details write to:

Classified Advertisement Manager
FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, London SE1 9HL

CORNISH MANORS ST IVES/PENZANCE

Superior Holiday Homes from only £32,950

New 2/3 bedroom Holiday Homes in grounds of Cornish Manor. Indoor pool and lots of facilities. Full management services. Self financing.

CAPITOL GAINS TAX RELIEF

Brochure: KENEGIE MANOR, GULVAL, PENZANCE, CORNWALL. (0736) 66871

INTERNATIONAL PROPERTY

OWNER

**of 700 apartments
in holiday residence
seafront - direct access to beaches**

CANNES - FRENCH RIVIERA FRANCE

**Will consider propositions :
FOR RENT - HIRE/PURCHASE etc.**

For information :

CANNES BEACH RESIDENCES

ERFI
PORT CANTO
LA CROISETTE

**06400 CANNES - Tél. : 93 43 34 65 (lignes groupées)
Télex : 970 610 F - Fax. : 93 43 16 46**

LA PALOMA
DE MANILVA

The Moors created their ancient villas in the Andalucian style to reflect the natural beauty of southern Spain. Yours, however, will also include a fitted kitchen.

Between Sotogrande and Estepona on the Spanish Costa del Sol, the Andalucian village of La Paloma sits on a rugged hillside overlooking the Mediterranean.

Villas, from £137,000 to £177,000 include a lifetime share in the Duquesa Golf and Country Club for two.

La Paloma. Invest in the future of Traditional Spain.

PMS

For colour brochure, contact:
PMS Estate Agents, 48(a) King Street, Maidenhead, Berkshire SL6 1EQ or call (0628) 776000.

Switzerland. Jura.

Exclusive Three Bed. Purpose built Chalets. With Lake and Mountain Views. From 450,000 SFr.

**U.K. Sole Agents.
PROJECTEL**
Real Estate and Development
1 ST OMER RIDGE, Guildford, Surrey GU1 2DD ENGLAND
TELEPHONE: (0483)571226/68848

FRENCH PROPERTY SERVICES

Everything from a cottage to a chateaux. Industrial *and commercial property.* All areas of France. Full back up service, including business relocation.
Tel. 0702 469434. Fax 0702 469436

ANDALUCIA HILL

Invest in Marbella's supreme luxury hotel and leisure complex, near Puerto Banus and 4 golf courses. Apartments from £70,000. Rental return around 20%. Full colour catalogue and details direct from the developers.

MARBELLA INVEST
(0904) 611631

LONDON PROPERTY

PIED A TERRE BAYSWATER W2

West End 10 mins, City 20 mins. M4 15 mins, M1 20 mins
Quiet tree lined street. Private entrance. Ground floor flat. Professionally decorated to high standard. 1 double bedroom; fully fitted open-plan kitchen, washing machine etc; sitting room; designer bathroom; telephone; enclosed patio garden S.E. facing; entry phone security; 124 yr lease.
£97,500
- No agents -
Please telephone owner
01-248 5284 (O), 01-792 1407 (H)

EXCHANGE BERMUDA - LONDON

Sept 89 - Mar 90
Luxury 3 bedroom townhouse, exclusive development, tennis pool near Ocean, for similar London environs property. Equally responsible couple, car included.

*Telephone Bermuda
(0101) 809 236 5148*

A QUIET CORNER, SW5

*A chance to acquire the last remaining flats and houses in a very successful luxury New Development. Five superb houses with gardens and four flats with terraces.
All have garages.
Houses £195,000 – £295,000.
Flats £135,000 – £205,000.*

Faron Sutaria

239 Earls Court Road, SW5. Tel: 01-835 1577

COUNTRY PROPERTY

A tranquil retirement with the English Courtyard Association

Future developments planned at Taunton, Ilminster, Halstead, Essex Winchelsea, E. Sussex
Prices from £125,000.

The English Courtyard Association
8 Holland Street
London W8 4LT
01-937 4511

FISHER HOGGARTH

FOR SALE
Northamptonshire
Poplars Farm, Barton Seagrave, Kettering
678 acres

Productive arable and grassland farm with extensive modern and traditional farm buildings including 1,000 Tonne grain store
High amenity value with good shoot and potential for farmhouse
FOR SALE AS A WHOLE
By Auction – 6th April 1989
Unless sold privately beforehand

***Sole Agents:* Fisher Hoggarth**
40, High Street, Market Harborough, Leics, LE16 7NX
Tel: (0858) 410200 10 lines 24 hour answering service

LONDON PROPERTY

GREEN'S COURT
HOLLAND PARK
LONDON W11

- EXCITING NEW DEVELOPMENT/ 12 TOWN HOUSES
- 3 AND 4 BEDROOMS
- HIGH SECURITY/VIDEO ENTRYPHONE
- EXCELLENT QUALITY
- PRIVATE MEWS ENTRANCE WITH LIFT
- SECURED GARAGING

VIEW NOW

MARSH & PARSONS
01 · 603 9275
57 NORLAND SQUARE LONDON W11 4QJ

Prices $295,000 - $375,000

LONDON PROPERTY

Cheyne House

18 Chelsea Embankment and 59 Royal Hospital Road, Chelsea, London SW3.

Eleven superb apartments in a magnificent Listed Building commanding fine views along Cheyne Walk and across Chelsea Reach of the River Thames to Battersea Park.
Brilliantly conceived and beautifully presented flats and maisonettes of 2/3 bedrooms, 2/3 bathrooms and splendid entertaining rooms-also garaging-for sale leasehold for 999 years at prices from £500,000.
Air-conditioning and comfort-cooling systems throughout ● Superb kitchens & bathrooms ● New decorations & carpets ● Impressive oak-panelled entrance and staircase ● Lift ● Uniformed Porter/House Manager

SHOW FLAT
(TEL:01-352 7058)
OPEN DAILY 11 AM TO 6 PM.

SOLE SELLING AGENTS
W.A.ELLIS

174 Brompton Road, London SW3 1HP
telex 23661 WAE fax 01-589 3536
01-581 7654

DOCKLAND PROPERTY

Keith Cardale Groves

WIDE CHOICE OF FLATS AND HOUSES FOR SALE AND RENT

01-407 2790

LONDON PROPERTY

CLAPHAM SW4

Very spacious beautifully decorated Victorian House. Comprising 4 bedrooms, 2 bathrooms, large kitchen/diner, double reception room, cellar and patio garden. GCH, new wiring + new roof.
Close to all amenities and Clapham North tube.
Price £145,000
Telephone: 01-733 9686

THE SAIL IS NOW ON.

Islef & Hoffmann

PORT NELSON
LONDON

DEBENHAM TEWSON RESIDENTIAL
01-236 1520

MORE APARTMENT TO THE POUND.

Sales Centre now open 7 days a week
Telephone: 01-237 1267

COUNTRY PROPERTY

Croxton Village Cambridge

Croxton Village is no ordinary development.

Imagine a traditional Cambridgeshire village springing anew amidst fine parkland. There are seventeen properties for sale — three houses fully restored and fourteen new homes painstakingly designed to complement the character of the existing buildings. The accommodation ranges from new 2 bedroom cottages to luxury 5 bedroom homes.

Croxton Village is ideally situated for the commuter being only 45 minutes from Kings Cross and 12 miles from Cambridge with the A1 (5 miles) and the M11 (11 miles) easily accessible.

Full details of 1st phase now available.

Developers:
Sindall
William Sindall Plc

Agents:
SAVILLS
St Mary's House, 47 High Street, Trumpington, Cambridge Cambridgeshire CB2 2HZ
Tel (0223) 844371

PUERTO SOTOGRANDE

A Special Place

One of Southern Spain's most exciting developments on the shores of the Mediterranean and just twenty minutes drive from Gibraltar's International Airport.

Two bedroom apartments from £90,000
Three bedroom apartments from £160,000
Two bedroom penthouses from £140,000
A wide choice of berths from 12 to 50 metres from £19,000.

TELEPHONE OR WRITE FOR A BROCHURE TO PUERTO SOTOGRANDE S.A. 3 SHEPHERD MARKET, MAYFAIR, LONDON W1Y 7HS. TEL: 01-495 3630 (24 HOURS) FAX: 01-409 1015 OR VISIT OUR LONDON OFFICE EXHIBITION.

PLEASE SEND DETAILS TO:
NAME
ADDRESS
HOME TELEPHONE NUMBER
OFFICE TELEPHONE NUMBER
DATE FT

INTERNATIONAL PROPERTY

El Forestal

an exclusive development of only 40 luxury villas

AT LA MANGA CLUB

Superb properties, each with its own swimming pool, set in large individual plots within the famous La Manga Club estate – the unsurpassed leisure paradise in Southern Spain. Enjoying views across the Mediterranean and the championship golf courses, El Forestal is an imaginative concept of 3 and 4 bedroom villas of exceptional design and structural quality. Landscaped to ensure complete privacy and designed for a luxury lifestyle, El Forestal is, essentially, for the discerning buyer.

Prices from circa £320,000

For colour brochure and details of inspection flights, write or call John Santos, El Forestal, 23 Finnart House, Weybridge, Surrey KT13 9EY. Phone (0932) 241646 · (0932) 854934 (answerphone)

EL FORESTAL IS A DEVELOPMENT BY MYDRIN (SPAIN)
LA MANGA CLUB IS OWNED BY THE P&O GROUP AND OPERATED BY BOVIS ABROAD

Lambert & Foster

CAPE PROVINCE REPUBLIC OF SOUTH AFRICA

Beautifully situated mixed fruit farming unit near Paarl, in the heart of the prime wine district of the Boland. Extending to 404 ha, the plantings are mainly citrus and stone fruits and are fully irrigated. The property comes with a dwelling, farm managers house and labourers houses. For sale as a Going Concern or as an investment, as existing owners would consider a management agreement.

Favourable exchange rates and incentives for overseas purchaser.

COUNTY

If you intend living in Spain don't miss this seminar!

Blackstone Franks, the leading Chartered Accountants and Investment Managers, are holding another of their successful seminars on the legal, taxation and financial implications of property ownership and residence in Spain. Offshore investment strategy and Spanish tax planning will also be discussed. These will be the first UK seminars held after the Chancellor's Statement and will include the proposed changes in Residence rules. The seminars are designed both for individuals considering purchasing property and their professional advisers. Copies of Blackstone Franks authoritative 'Guide to Living in Spain' will be available at the seminars.

Dates: Wednesday 22nd March or Wednesday 29th March
Time: 1.30 p.m. - 5.30 p.m.
Venue: Institute of Chartered Accountants, Moorgate Place, London EC2. Cost £45 per person or £80 couple
Contact: Barbara Olive on 01-250-3300 or fax 01-250 1402
Cheques to: Blackstone Franks plc, Barbican House, 26-34 Old Street, London EC1V 9HL.

"MAIKA" RESIDENCE - CANNES
37 Bd. Alexandre III, 06400 CANNES
A small de luxe residence, sea view, near Croisette. Very beautiful 2 and 3-room flats.
Tel. Sales Office: 93.43.46.64
Agent: JOHN TAYLOR, 55, La Croisette CANNES 06400 - Tel. 93.38.00.66 - Fax 93.39.13.65

A new family arrives every week. A measure of our popularity.

Dunas Douradas' luxury apartments, town houses and villas are beyond comparison. With the delights of a prime location in the Algarve, magnificent sea views, miles of golden beach and access to a host of sports facilities. And with prices from £69,000 is it any wonder a new family arrives every week?

For details contact O.R.P., 5 Broadway Ct, Chesham, Bucks on (0494) 791779.

DUNAS DOURADAS

TAX EFFICIENT PROPERTY OWNING IN SPAIN

Gibraltar registered companies can be rapidly incorporated and managed by us at a moderate cost to help ease Spanish Property Transactions.

For futher information contact

Finsbury Management Services
P.O. Box, 3 Library Ramp
Gibraltar
Telephone (350) 73437 -
from Spain (9567) 73437
Fax (350) 73956
Telex 2300 LIBMAN

TAKE THE CHILL OUT OF WINTER!

INVEST ON THE COSTA BLANCA, SPAIN. DENIA & JAVEA

We offer a WIDE choice of SUPERB Apartments & Villas in unspoilt Surroundings. Prices from £35,000-£250,000. PLEASE ASK FOR OUR EXTENSIVE BROCHURE. 34 Ship Street Brighton BN1 1AD Tel (0273) 774098, 724369 Fax (0273) 206114

Johannesburg Home to Swop for London House/Apartment

Executive Johannesburg home (northern suburbs), F/F and serviced (incl pool) and full maintenance, to swop for furnished London home/apartment. Min period 3 months.

Write to Property Services Ltd, Suite 216, London House, 266 Kensington High Street, London W8 6ND

SWITZERLAND

Sale to foreigners authorized

Lake Geneva & Mountain resorts

You can own an APARTMENT or CHALET in: MONTREUX, CRANS-MONTANA, VERBIER, VILLARS, GRIMENTZ, CHÂTEAU-D'OEX, region of GSTAAD, LES DIABLERETS, LEYSIN, JURA, etc. From Sfr. 150'000.— Mortgages 60% at 6 ¼ interest, 5-20 years

REVAC S.A. 52, rue de Montbrillant – CH-1202 GENEVA Tel. 41.22/34 15 40 – Fax 34 12 20 – Tx 22 030

ALTO DO MOINHO

(Windmill Hill) ALGARVE - Albufeira

Luxury Apartments, 1 and 2 Bedrooms with Breathtaking Views of the Coast Line.

Prices from: £ 60,000

Exclusive Sales & Marketing VILAS & HOMES

For further details contact our London Office:
TEL: 01 - 323 0203
Head Office: Algarve, Portugal, Tel: 351 - 89 95435 / 395

FRENCH ALPS AVORIAZ
(GENEVA AIRPORT)
FOR SALE AS A GOING CONCERN + FITTINGS
HOTEL***
BAR RESTAURANT
Sauna - Swimming Pool
First class opportunity
C.I.M. - 21 rue Le Sueur 75116 PARIS - FRANCE Phone: (331) 45.01.78.70

EASTER in St. TROPEZ

Visit your villa at PARC BELLEVUE, stay in our *** Hotel nearby. We are building 15 exclusive villas at a high specification with panoramic views over the bay of St. Tropez, 2 to 3 bedrooms, prices from £100,000 to £200,000. Facilities include 3 pools, tennis. Up to 70% mortgages at 5.5% interest rate. Please contact the developer for brochure:

SOFIM - Parc Bellevue - RN 98, F 83310 COGOLIN - Tel. 33/94434582 or 94434892 - Fax 94434839

TAX EFFICIENT APARTMENTS IN TENERIFE

4 modern apartments superb setting and climate, all furnished. Possible to live in 1 and let others at a good income. Total income could exceed £38,000 p.a.
All owned by an offshore company
£185,000
Excellent opportunity. Telephone 0384 396366

On the heights above Cannes

facing the sea with panoramic view from Italy to Saint Tropez, Provencal style villa with lots of character, including a chapel with with 16th century doors. 3/4 of an acre of enclosed garden, large pool. The house comprises 3 receptions rooms, 4 beds, 3 baths + caretaker's flat. Price 11.000.000 FF ref. 714

JOHN TAYLOR - 55, La Croisette - 06400 CANNES - Tel. 93 38 00 66 Fax. 93 39 13 65

COSTA DEL SOL Property from Gibraltar to Torremolinos, Marbella office. Visit us at Hotel El Fuerte, Marbella 20th - 25th March. Then for 2 weeks at Benalmadena. Marbella Center. For information and prices list ring 01-903 3701 any time.

FRENCH PROPERTY SERVICES

Tax-free Andorra. 4-star hotel in ski resort. Suit working couple.
£650,000 negotiable.
Tel: 0702 469434 Fax: 0702 469436

FRANCE - COTE D'AZUR, Real-estate in quiet area, 17 kms from Cannes, 20 kms from NICE Airport, 3 kms from golf course, 4,300 sq.m., 8 rooms, swimming-pool. £ Sterling 320,000. LARCHET - Domaine du Val Riant, 06330 ROQUEFORT-LES-PINS, FRANCE tel. (010 33) 93 77 11 51.

PORTUGAL GOUVEIA - 15 km Faro. Land 9545 m² (2.359 acres), PP. for 1 dwelling magnificent views towards coast. Tel (0623) 990250.

SOUTHERN TENERIFE - Within the grounds of an exclusive Southern Tenerife Golf & Country Club, overlooking sea & golf course, beautiful one bedroomed apartment for sale. Fully fitted kitchen and bedroom, landscaped garden & parking, swimming pool. £38,500 FREEHOLD. For details telephone (021) 233-1117 (office hours).

MONTREUX - On Lake Geneva. Furnished apts. with luxury hotel facilities. Pty from ... Sfr. Southern and Swiss. FLORIDA CENTRE P.O. Box 1250 London NW3 1EZ 01 435 0071

CHATEAU S.W. FRANCE - 16th century, 14 beds, 25 acre park, magnificent views, vast outbuildings, perfect condition, family or business, easy access. FF 2,300,000. (01 033) 5667 7465.

DOCKLAND PROPERTY

MAKE A SPLASH AT COTTON'S LANDING

Cotton's Landing is our brand-new development in the Isle of Dogs. Where style and fun meet at London's most exciting new dockside address.

And now you can choose from stunning 1, 2 and 3 bedroom apartments. Or 4 bedroom houses. Beautifully appointed with all the features you'd expect, including dramatic waterside views and a mooring for your boat.* Linked to Canary Wharf by a convenient waterside walkway, Cotton's Landing is a delightful place to live – and a shrewd investment too!

See for yourself! Ring 01-538 1439.

Showhomes open 7 days a week 11 am – 6 pm.

★ Priced from £94,000 to £215,000.

Wates Sales Centre, Cotton's Landing, Blackwell Basin off Preston's Road, London E14.

*Ask our sales staff for details.

wates
BUILD WITH CARE

Knight Frank & Rutley

St Katharine's Dock, E1
£225,000
Delightful Mew cottage overlooking the yacht basin. 2 bedrooms, reception room, kitchen, bathroom, terrace, garage. Leasehold.

Narrow Street, E14
£250,000
Immaculate south facing apartment with quite remarkable river views. 2 bedrooms, reception room, 2 bathrooms, kitchen, balcony, garage. Leasehold - Freehold share.

Limehouse Wharf, E14
£295,000
Extremely spacious and unusual conversion, superb potential. 2 bedrooms, 2 bathrooms, 2 reception rooms, kitchen, storage. Leasehold - Freehold share.

Docklands
01-480 6848

Docklands

Luxury & spacious riverside maisonette minutes from city and all amenities. 2 beds, 2 baths, vacant possession. Set in delightful development. £121,900. For quick sale tel: 01-987 2998.

FULFIL YOUR GREATEST EXPECTATIONS

Scott's Sufferance Wharf is a superb development of luxury apartments, built to the very highest specifications and steeped in history. Shopping, sports facilities and amenities of every kind are nearby, and the City and West End are within easy reach.

- 1, 2, & 3 bedroom apartments and penthouses.
- Superbly situated.
- Fully fitted kitchens.
- Video entry phones.
- Private underground car parking.
- 24 hour porterage.

Show Centre open daily until 4pm at 5 Mill Street, London SE1.

DICKENS WOULD HAVE BEEN AMAZED!

SCOTT'S SUFFERANCE WHARF

Sole agents CARLETON SMITH & CO.

A joint venture by GAMBETA Bovis Homes

01-237 5260

INTERNATIONAL PROPERTY

Costa Brava/Catalunya

Llafranc, Calella, Bagur, Tamariu. Magic names of this delightful corner of the Costa Brava. For comprehensive list of superior properties for sale in this area, contact:-
WALTON PROPERTY SERVICES S.A.
Avc. Costa Blanca 36,
Calella de Palafrugell
Gerona, Spain
Tel. 010-34-72 30 35 55
Fax. 010-34-72 30 11 82
Full English and Spanish staff, fluent in English, Spanish, Catalan, German & French to give on the spot help and advice.
Services of Spanish Lawyer also available.

Near golf course and the medieval village of Valbonne on a guarded estate. Attractive provencal style villa on a large plot of land - beautiful lawns surrounded by pine trees, large swimming pool - comprising : 3 reception rooms, 4 beds, 3 baths, 2-car garage. Immaculate condition - price 3.600.000 FF Ref. 548.

JOHN TAYLOR - 55, La Croisette - 06400 CANNES -
Tel. 93 38 00 66, Fax. 93 39 13 65

ANDORRA

BUY DIRECT FROM BUILDERS
ANDORRA-THE TRUE TAX HAVEN.
Full sales, management and rental service.
C.I.S.A. Andorran Properties Ltd
12 Kings College Road, Ruislip Middlesex, HA4 8EH
Tel (0895) 621817

TENERIFE (SOUTH) New large, luxury 1 bed flat at Golf del Sur. Sea/Golf views. Must sell. 1986 cost Price £38,750. Fully Furnished 01-636 3619

On the heights above Cannes

facing the sea with panoramic view from Italy to Saint Tropez, Provencal style villa with lots of character, including a chapel with with 16th century doors. 3/4 of an acre of enclosed garden, large pool. The house comprises 3 receptions rooms, 4 beds, 3 baths + caretaker's flat. Price 11.000.000 FF ref. 714

JOHN TAYLOR - 55, La Croisette - 06400 CANNES - Tel. 93 38 00 66 Fax. 93 39 13 65

LA MANCHE PROPERTIES
NORMANDY
Specialists in the Orne and Mayenne regions of Normandy
Telephone: 01-924 3889
or write: La Manche Properties Ltd, 31-37 St John's Hill, London SW11 1TT

FRANCE

Petit renovated property in quiet Burgundy village between Chablis & Auxerre. English owners selling due to work commitments. Ideal for holiday/retirement.
Details Tel (010 33) 86 40 36 65
Price FF 230,000.

COSTA BLANCA JAVEA - For Sale residential villa 3 bed, 2 recep, 2 bath, modern fitted kitchen. Large pool, mature enclosed garden, garage. £95,000 or equivalent. Toscal 254. Tel (01034) 65 77 02 60.

CYPRUS Property exhibitions of Acropaphos homes 10AM-6PM: Edinburgh 11+12 Mar Fourth Bridge Htl: London 17-19 Mar Cumberland Htl Intent Property Extra stand 8. Diona Properties Box 381, Tel 41601 Paphos.

LONDON PROPERTY

South Kensington SW7

The Gilston

Roland Way. An exclusive new development of mainly freehold town houses in one of London's most prestigious locations. These superb residences have been carefully integrated into surrounding mews properties. Classical elegance is combined with the convenience and practical advantages of a newly built house. It is evident throughout that high standards of construction have been employed by two of the country's foremost housebuilders.

Depending on property type, of which there are eight, these residences offer a combination of three or four bedrooms, en-suite shower or bathroom, family bathroom, drawing room and fully fitted Miele or Siematic kitchen. In addition, certain properties include dining room,

The Harley

Exclusive family town houses with private garaging from £450,000–£810,000

study, shower room and laundry room, but not all within the same house type. All have either an integral garage or secure underground garage or parking.

These are just some of the attractions of Roland Way. Our showhouse is open Monday to Friday 12pm to 7pm and Saturday and Sunday 12pm to 5pm (tel: 01-370 4341). An illustrated brochure is available from Lovell Homes London on (0895) 622100.

WHAT HOUSE? AWARD WINNER 1988

ROLAND WAY

Lovell Homes

Balfour Beatty Homes

A development by Lovell Homes and Balfour Beatty Homes

GARDENING

We'll gather lilacs in the spring

Arthur Hellyer enthuses over a priest's spare-time passion

VERY OCCASIONALLY a book is published which opens completely new outlooks on what one supposed was an already well-documented subject. *Lilacs* by Father John Fiala (Christopher Helm, £35) has done precisely that for me. The author is an American priest, who is also a college professor and the principal of a high school, and lilacs are his spare-time passion.

He is a founding director of the International Lilac Society and it has taken him more than 10 years to prepare the manuscript and collect the colour photographs with which his book is so beautifully illustrated.

What came as a particular surprise to me was to realise how little most of us really know about lilacs. Call in at any garden centre and you would be lucky to find a dozen varieties. A specialist nursery might be able to double that and, by making use of every such nursery in Britain, one could perhaps amass between 60 and 70 different lilacs. Yet Fr Fiala lists more than 500 varieties of the common lilac, and that figure goes up to over 1,000 if all other species, hybrids and their varieties are included.

Of course, for practical garden purposes one does not need such numbers. In fact, they can become positively confusing. But what does concern me is that we do not even appear to have a representative selection of the best.

In one chapter, Fr Fiala deals with what he calls landscaping with lilacs. He does not simply mean planting them on a grand scale (though in the US and Canada they do just that) but using lilacs to maximum advantage, even in the smallest of gardens. He even gives his attention to the choice of a proper site for a single plant. In a section on lilacs for small gardens he mentions not only the excellent Palibin – 4 ft high, miniature flowered, and freely available in Britain – but also a number of other compact kinds, including dwarf varieties of the common lilac for which I do not know of any British source.

To be fair to our nurserymen, Fr Fiala does note that, even in the US, where many of these varieties have been raised, some of the dwarf lilacs are very difficult to buy from ordinary commercial sources and must be sought from lilac specialists. Some of these varieties have been raised by amateurs, and some in university gardens, and among those he recommends are Miss Muffet, White Elf, Munchkin, Dwarf Princess, and Mount Domogled, the last found growing wild on the mountain of that name in Romania, a natural dwarf form of the common lilac.

I mention these names not because it is any use looking for them in Britain; but in case anyone visiting North America, or with friends there, might be able to obtain cuttings. Fr Fiala's method of rooting small numbers of these is delightfully simple. He places a plastic bag in a flower-pot, partly fills the bag with a half-and-half mixture of moist vermiculite and sand, plus just a little peat, treats the base of each cutting with a hormone rooting preparation, inserts the cuttings in the rooting compost, and then closes the bag tightly to retain moisture.

The pot (which simply provides a rigid base for the bag) is then stood in a shady window. It is typical of this author that he is just as meticulous in giving advice on such practical matters as this as he is in explaining botanical names.

Many of the lilacs which we do grow in Britain were raised by the Lemoines, father, son and grandson. Victor, who had a little nursery at Nancy in Lorraine, began his lilac-breeding in the early 1870s during the Franco-German War. He had acquired a double-flowered lilac in which the ill-formed flowers were devoid of stamens; yet he determined to use this as a seed parent to be fertilised with pollen from the finest single-flowered varieties.

But he was in poor health, his hands were unsteady, and so it was his wife who had to perch on top of a step-ladder and search for the best of the deformed pistils, so that she could dust them with the chosen pollen. During the first year she pollenated 100 flowers but only seven seeds were harvested.

The following year they obtained 30 seeds, and a new race of fine, double-flowered lilacs was on the way. Victor's son, Emile, continued the work and, after his death in 1943, his son, Henri, added a few more varieties, making a grand total of at least 214. In 1955 the nursery was closed. Nevertheless many varieties live on, and Charles Joly, Michael Buchner, Madame Lemoine, and Madame Antoine Buchner are still favourite double-flowered lilacs readily available and well worth planting. Souvenir de Louis Spath, another superb Lemoine lilac, is still a top seller among single deep-purple varieties.

Notcutts Nurseries, Woodbridge, Suffolk, and Hillier Nurseries, Ampfield, Hampshire, probably have the most comprehensive commercial lilac collections in Britain, and there are fine national collections in Withdean Park, Brighton, and at Lotherton Hall, near Aberford, a few miles east of Leeds.

Pink yaks — who'd have 'em?

Robin Lane Fox puts in a kindly word for this year's rhododendrons but is openly hostile about the ghastly colouring of yakusimanum forms

THIS NON-WINTER has been kind to gardeners and primroses, but it has been especially kind to rhododendrons. It is years since I gave them a week to themselves, partly because I dislike quite a number of the family. But a part is not a whole and this year, no frost has damaged the early-flowering varieties: the mid-season forms have had all the rain which they could want during the past two years; the late varieties, in October and November were outstandingly good in those gardens which had been clever enough to choose them and shelter them.

This huge family contains winners and losers, and it is absurd that so many keen gardeners now dismiss them because some of them are such unfashionable company.

Not every modern hybrid is a Britannia, the crimson-red rhododendron which had to be dragged, clashing and swearing, out of the great landscape garden at Stourhead. Its natural prospect of grass, trees and classical stonework never suited the strongly-coloured rhododendrons and their great walls of dark-green leaves which looked absurd in an English setting. The other culprits, to my eye, are the miniature yakusimanum forms which are being pushed at modern gardeners because they are small, reliable and very free-flowering.

They are ideally suited to gardens which want little hummocks of sugar-pink flowers above an evergreen, leathery leaf which looks obtrusive, except among gnomes. The yaks are certainly very tough, but they look incongruous in most of the urban back-gardens where they end up.

Trusses of mauve, purple and strong orange flowers never made much sense in mild British woodlands and make even less sense, to my eye, between houses in Berkshire and Surrey. Their colour is fearfully strong in May and fearfully dull for the rest of the year. I often wonder what I would do if I inherited a garden with a boundary of these colours, planted by some well-meaning grandfather.

I suppose I would live with the wall of lilac-mauve and tell myself that I enjoyed doing the dead-heading. If you want to grow these varieties well, do remember to heap a mulch of leaves or compost round their roots any time from now onwards. Do not dig it into the soil as you will break the roots near the surface and waste its purpose, the conservation of water throughout the year. These rhododendrons hate to be too dry and this little attention helps them to flourish.

Enough of being negative. I have my own favourites with particular colours, seasons and leaves and can usually find them in particular lists. Starborough Nurseries, Marsh Green, Edenbridge, Kent, are not specialists but stock strong and unusual varieties; in the south-west, Burncoose Nurseries, Gwennap, Redruth, have a big list and a long tradition, based on plants from the great garden at Caerhays.

Two miles west of Penzance, off the A30, Trewidden Estate Nurseries (tel:0736-62087) sells a very wide range, and is both a trade and retail source which might suit buyers on a big scale.

If I had to take only one of the taller varieties, it would have to be Loderi King George. For 20 years, nothing has changed my faith in this scented white form which opens from pretty pink buds and grows into a tall shrub of 12 feet or more. It is hardy, well-proven in gardens and honoured with every sort of Royal Horticultural Society award: no other May-flowering white can beat it, and I only wish that grandfathers in Surrey had planted much more of it along their boundaries.

If you have the slight shelter of a group of trees or well-hedged garden, I would also go for auriculatum, another tall white with a very sweet scent. Unusually, it flowers in August when everybody expects a rhododendron to be boring. It was found in China in 1900 and has eminently civilised leaves.

In smaller gardens, I would go for a white hybrid which was bred in the great garden at Bodnant. Its name is Cilpinense; it is four feet high, flowers in March and is slightly tinged with pink. It has been looking enchanting this week among the latest flush of flower on the unstoppable winter cherry.

In a wild garden or under trees, I could live with one or two strong reds, if they were wild varieties. Their leaves are usually more handsome than those on modern hybrids. If they look startling, you can tell yourself that they look equally startling at home in the Himalayas.

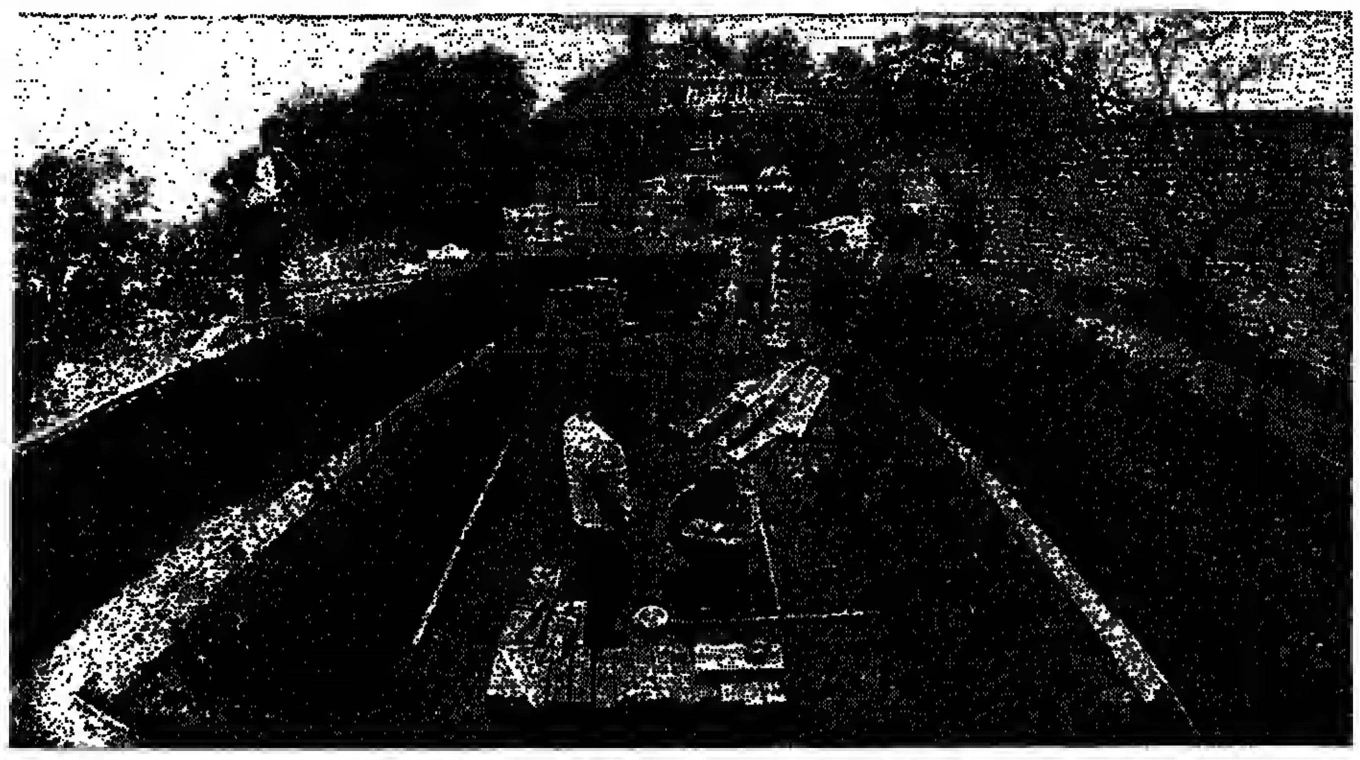
They like to be protected in the lower reaches of wood or light shrubbery which has a surrounding belt of hedging to break the wind and frost. My favourite is the dark-red Thomsonii, an upright form which has unusual redish-coloured bark and rather long leaves which are a pretty grey-green when young. Its flowers come in big bright bunches and were a landmark for the great plant collectors on their walks through pre-war Burma.

The true nobility of the entire family are the varieties with yellow flowers. My first choice here is the exquisite Jervis Bay, a primrose form with a red marking which was bred at Exbury in the Hawk side of the family. Starborough is one of the nurseries whichs list the wild macabeanum. Its huge leaves are almost a foot long and its bell-shaped flowers vary through shades of yellow.

It is suited only to larger gardens which can shelter it, but its leaves have a grey-white fur on their undersides which is lovely throughout the season. I covet it among the Chinese lutescens variety which has bronze young leaves and primrose flowers (best in the Exbury form). Anyone would like to see it among the loose bunches of yellow flowers on the Cornish form, Caerhays Philip. These marvellous yellows need shelter in order to flourish. Smaller gardens should look out for Merganser, a bell-shaped variety, and Queen Elizabeth which is very hardy and makes a medium-sized background of bearable leaves.

If the frosts hold off for the next few weeks, these early members of the family will have given us a year to remember. One year we win and in the next three we will probably lose, but I do hope that one result of this extraordinary season will be that hostility to rhododendrons will be narrowed down and turned into attacks on the pink-flowered yaks instead.

WEEKEND FT REPORT/SWIMMING POOLS



From excavation to finished product: whether you choose a DIY kit or a company-installed pool, the end result is a boost for your home's value

Splash out on a symbol of Hollywood high-life

Marilyn Bentley reports on the growing popularity of swimming pools

IN TV movies, they are the archetypal setting for that tense confrontation between the overweight drugs dealer and the lantern-jawed detective. In advertising, they are the backdrop for animated Barbie dolls eating up-market breakfast cereal. Now swimming pools, once the symbol of Hollywood high-life, are increasingly the latest home improvement to grace the well-regulated British villa.

At the top end of the market, anything is possible. Patten Pools will devise and build you a landscaped outdoor scheme, or an indoor pool to harmonise with your house, incorporating as many luxury features as you could wish for – or pay for.

"If you can persuade the client to trust you, you can create some very exciting things," says managing director Michael Patten, whose company has won many awards for conversion work, "but you can never do it cheaply." He is currently embarked on a project incorporating a custom-designed L-shaped brick and glass conservatory to house a 28ft by 12ft pool, at a cost of about £47,000.

If that is a little beyond your price range, don't forget that you can buy anything in kit form these days and swimming pools are no exception. The concept is simple: the kit contains the swimming pool components, from the bottom drain to the coping stones, plus detailed instructions and, frequently, a video guide to installation.

You provide the labour and the building materials, such as sand and cement. The kits offer a wide choice of size, design and finish and certainly help bring the price of a Californian dream within the reach of a moderate English pocket.

A kit to build a popular-sized outdoor pool, at 28ft by 14ft, with an attractive stepped end, will cost in the region of £5,500, including VAT and delivery, from Paramount Swimming Pools. Building materials and the hire of equipment will add about £800, and then there is the cost of soil removal. This can be as little as £300, but increases with proximity to major conurbations where there are fewer tips available, so get an estimate before you begin excavation – the cost may dampen your enthusiasm faster than a cold dip.

But are these kits really practical for the layman? Keith Martin, Paramount's managing director, assures me that they are well within the capacity of an average DIY enthusiast. *The most difficult* part, he says, is the smoothing of the sand cement floor, and he advises customers to hire a plasterer if they are unsure of their own skill. Otherwise, "99 per cent of the queries we receive are easily dealt with over the telephone. It's very unusual for us to have to send someone to the site."

Once installed, it's just a question of lying back with a pina colada and your Filofiction Jeffrey Archer, isn't it? Is life ever that simple?

Anyone who has seen the horrors of a poorly-maintained pool – green algae, decomposing leaves, drowned mice – will be aware that regular maintenance is vital to keep the water clean, safe and inviting. Apart from control of the pH level, vacuuming, brushing and filtration, your pool will need treatment to keep it free from bacteria and algae.

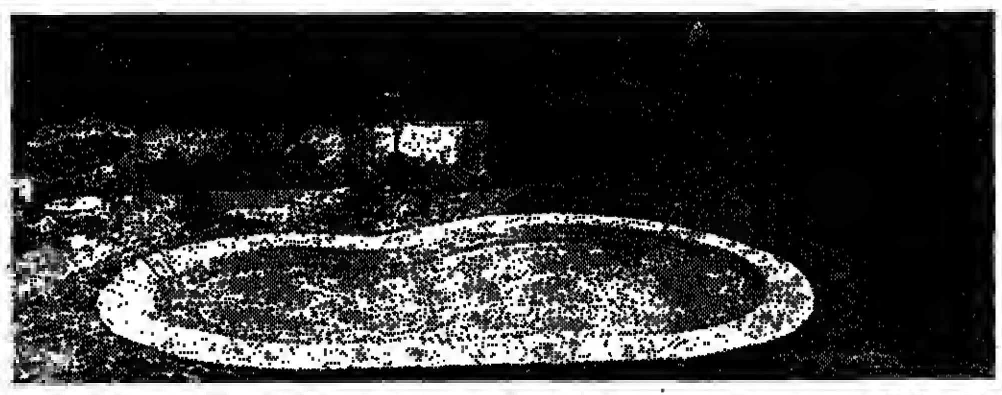
Chlorine is the most widely used and powerful sanitiser, but it has its drawbacks. It can cause skin and eye irritation, and can affect the structures housing indoor pools. There are alternative chemical systems, but whichever you choose you will have to monitor regularly the chemical levels in the pool, and make adjustments.

If this sounds too much like hard work, you can get a computer to do it for you. The Magik Box system is designed for domestic pool management and will monitor, read and feed the pH and chemical levels in your pool as well as operate functions such as the pump and filter mechanisms. The manufacturers produce a range of chlorine-based chemicals for use with the system, which they claim will reduce the running costs of your pool by up to 20 per cent. The cost of the basic system is £1,950.

Roseland Hydrology's Minder, at £1,450, is similar, but is programmed to measure the level of sanitation, rather than the chlorine level, and is suitable for use with non-chlorine based products. Both deal with the problems of bugs in the pool, but there may still be some in the software.

In these ecology-conscious days, the idea of dosing a pool with any chemical may not appeal, although some method of purification is essential. Green politics are one thing; green pools are another. Roseland's Caribbean Clear purifier system works on the basis of the computer-controlled release of silver and copper ions into the water, keeping it sparkling, clear and free from algae and bacteria, at levels within the EC safety parameters for drinking water. The cost of a system suitable for an average sized pool is £725, and the running cost is about £50 a year.

■ *Patten Pools Ltd, Bedloes Corner, Rawreth Lane, Wickford, Essex, 0268-765120. Paramount Swimming Pools, 095 126-2891. The Magik Box Computer Company Ltd, Purewater House, Crossways Business Park, M25 Dartford, Kent 0322-77668. Roseland Hydrology Limited, Redthornes, Straight Road, Boxted, Colchester, Essex 0206-272036.*



Protection for your pool

Alan Forrest on a watchdog body for the pool installation companies

THE UK swimming pool industry grows and grows. Once – and no responsible installer or supplier will deny it – the industry had its fair share of "cowboys." There were too many cases of companies going bankrupt in mid-installation.

This was in the early days. But in 1961 an organisation called the the Swimming Pools and Allied Trades Association (Spata) was founded and now is firmly established as the industry's self-policing consumer watchdog. Spata sets and maintains pool and spa construction and maintenance standards. Its membership is approaching 400 – manufacturers, installers of pools, spas and saunas and suppliers of ancillary equipment.

Its rules are tough. Every member must have at least three years experience before qualifying. Members must build pools to a high standard and a "code of ethics." It even has what it claims is a fool-proof insurance scheme to protect buyers, launched in 1986 for buyers of outdoor pools and now extended to cover most indoor pools and spas.

The scheme, called Spatasure, offers an extended equipment warranty to cover parts and equipment for two years, with options to extend the plan annually. There is also a guarantee that if a member company does go bankrupt (which doesn't happen very often these days), Spata will complete the work at no extra cost.

Spata's headquarters are at Andover in Hampshire. Its London-based missionary is Norman Lingham, the association's publicity man, who is based in Forest Hill, not far from Mrs Thatcher's Dulwich retreat. The growing side of the trade, he says, is in the indoor pools area. Some say that 55 per cent of buyers are now opting for indoor pools, others put the figure as high as 75 per cent.

And of course, some people want everything, and according to Spata, have a reasonable chance of getting it. The battle tohave a pool and beat the eccentric UK climate has led to an increasing demand for removable pool coverings, giving a customer an open-air pool in good weather and an indoor facility when the rain arrives.

A pool, Lingham says, is now an affordable luxury for most income groups. There is and always will be a luxury market, but you can buy an excellent pool for around £7,500. If you feel that money is really tight there are above-ground pools for around £300, which look rather like overgrown bathtubs but are big enough to swim in. The advantage is that if the owner moves house he can put the pool in the back of the removal van and use it at the new home without digging and disruption. "Of course, they don't look very pretty," admits Lingham.

A happy medium is to buy a kit and instal it yourself, which costs from about £2,000. You don't need any special skills, or so the story goes. Lingham quotes the case of a couple of determined 60-year-olds who must have been quite young in heart when you consider that madam wielded a pickaxe while wearing a bikini and that, although they hit solid granite while digging their hole, they mastered the problem and now have an excellent pool.

The health advantages of a spa are said to be enormous. Sports trainers, athletes and hospitals have been using spa and hydrotherapy equipment for many years to treat aching and overworked bodies. Now the same facility is becoming increasingly available in private homes to give relaxation after work, jogging, tennis or any of the other activities which have boomed as a result of the never-ending pursuit of health and fitness.

A guide to the size of the industry today is given by Spata. With more than 160,000 private swimming pools already installed in the UK and the number growing yearly – an annual growth rate of 6,000 new pools and 3,000 spas – the industry is now worth more than £500m a year.

Indoor pools now account for 75 per cent of UK installations, rising to 100 per cent in chilly Scotland. Steam rooms are another growing development – you can now have your own Turkish bath at home, in fact. Another growth area is in hotels and up-market blocks of flats. A pool installer told me recently: "Take two new hotels in one area. One has a swimming pool and the other hasn't. It's not difficult to bet on which hotel does the best business. And if it has a whole health centre as well as a pool, then business really booms."

Lingham cites the example of one new hotel that now gives a guest two keys: one for the room and one for the swimming pool.

Last year, he says, was a phenomenal year for the industry. This year inquiries are about 30 per cent up for the first three months. It seems that the original desire for a swimming pool was triggered by Hollywood soap operas on television. It all looked beyond the means of UK home owners: luxurious areas bathed in champagne and eternal sunshine. But the message on how reasonably-priced a home pool can be is now hitting home.

Those interested in all things aquatic can write to Spata for a list of members and a booklet which will point them in the right direction. Write to the Swimming Pool and Allied Trades Association, Spata House, 1a Junction Road, Andover, Hants SP10 3QT. The consumer information telephone number is 01 291-3455 (24-hour Ansaphone service).

WEEKEND FT REPORT/SWIMMING POOLS

Captain of a floating empire

***Alan Forrest** meets the father of the UK swimming pool industry*

WHEN I announced that I hadn't much time available in the middle of a recent working day because I was having lunch with Peter Geekie, several people in the industry told me: "Well, you're going to meet the father of the UK swimming pool industry."

Geekie is a remarkable man. In his early 60s, he is chairman of the PG Group, perhaps the largest in the industry supplying pool equipment, heating and humidity, spas, whirlpools, baths and steam rooms, domes and halls to the industry. He has built up the group from quite modest beginnings, but *more than that,* whatever you want to know about pools he can tell you.

It is fascinating to hear him speak about the history of the business. He must have been responsible for a lot of its recent growth, *I said.* And with only a slight smile, he replied: "Yes, myself and Mrs Thatcher. She's put money in people's pockets that many of them want to spend on swimming pools."

How did Geekie start? After leaving agricultural college and trying his hand as a farm manager he *quickly decided* that the job wouldn't be his life's work, so he moved to Oxford, where his group still has its base, and started a landscape business. "I started doing gardens for blocks of flats and on playing fields. I was making money in the summer, but losing it in the winter."

Then he was given a contract for landscaping work at a large house which involved a tennis court and a swimming pool – *"there were only* a couple of people building swimming pools in England at that time."

He found the labour force he had engaged wasn't big enough to complete the job as quickly *as he thought* necessary, and had himself to join in. All went successfully "and I decided that there was a *lot more* money in swimming pools than in landscaping."

Geekie's talk ranges through oxy-ionic purifiers, special new rubber and resin tiles that make swimming safer (a vital *consideration if young children* are using the pool), wonderful water purifiers, even a *son et lumière* system which can be heard underwater and which is particularly helpful for synchronised swimming. With this you can even send and receive messages underwater, very handy if you ever want to bellow "Come in number seven, your time is up."


Peter Geekie

Then there are Dancing Beauties, with either seven or 15 patterns. These are musical fountains made in West Germany which, according to the (rather gushing) brochure, "automatically dance, together with varying lighting, in coordination with any music plugged into its special electronic circuitry."

The brochure goes on: "The sound of splashing water relaxes you. The fascination effect cheers up your mind . . . They cool down the environment." It is clear that we have come a long way from the school swimming baths.

This is certainly true of the £400,000 Olympic pool at the City of London's Barbican Health Centre, perhaps the smartest new pool in London. David Giampaolo, UK managing director of the Bally Health and Tennis Corporation, owners of the centre, recently organised for me another tour of it, and it looked just as good as on the day Princess Diana opened it last year.

Suzie Ater, who runs the aerobics programme *at* the Barbican, was my guide, and she talked enthusiastically about the aquarobics programme being developed there.

Still in the luxury market, Rainbow Pools chairman Tony Wynne talks of the financial benefits of a pool. "Our pools are built either inside an existing property, or a property is built around the pool itself," he said.

How much does such a pool *add to the value of* a *property?* Anything up to double the actual cost of the pool and extension, according to Wynne.

■ *Spa De La Mare, Unit 1, Braye Road Industrial Estate, Vale, Guernsey. 0481-49444. Jetstream Marketing, 19 Druid Stoke Avenue, Stoke Bishop, Bristol BS9 1DB. 0272-682694.*

A small stroke of ingenuity

I AM one of life's sybarites. My idea of pool ownership is a little gentle breast stroke, followed by a *concerto grosso* and some iced tea. Yours may be to get some exercise.

However, not many of us have the space to build a pool large enough for a work-out that doesn't involve more turns than a corkscrew. But now there is an ingenious solution: a counter-current swimming device, which can transform any small pool into a viable proposition for exercise.

It forces a stream of filtered water against the direction of the oncoming swimmer, turning the pool into an aquatic treadmill. You can swim as hard as you like, as long as you like and never reach the other end. The strength of the current can be adjusted to suit the ability of the swimmer.

Ideally, *counter-currents* should be fitted at the time of your pool's installation. However, "with a little surgery, they can be put into an existing pool," says Gerry Hughes, UK distribution manager for *UWE Jetstream,* whose product was originally developed in Germany for hydrotherapy.

The Jetstream can turn a pool as small as 10ft by 6ft 6ins into a swim-gym. Kits, including attachments to adapt the counter-current for use as a massage device, cost from £1,900 to £2,784, excluding installation. The company also manufactures portable units, from £900 to £1,500, which can be bolted on to the side of the pool.

After all this strenuous activity, what about a little relaxation – lounging with a loved one in a bath full of hot Perrier, *perhaps? If the idea* appeals, what you need is a spa. A spa is a body of water which has been filtered, heated, aerated and forced through nozzels into a self-contained unit, creating a warm, bubbling whirlpool which will ease everything from a bruised ego to a hangover.

Spa De La Mare, a Guernsey-based company which has been manufacturing spas since 1980, claims to have doubled its turnover during each of the last three years.

The range and sophistication of the spas is limited only by the customer's pocket. For a modest £2,500 (excluding VAT and delivery), you can have a free-standing "portable" unit with all filtration and heating equipment, large enough to accommodate two adults and two children. It will run off a 13 amp socket and can be plugged in virtually anywhere. As a semi-permanent fixture, Spa De La Mare's Piazza model, costing £3,200 and seating five to six adults, can be moved from a summer location on the patio to a winter one.

It seems that even a modest spa can be a liquid asset: "We're finding that a £5,000 spa, plus the £1,000 cost of installation, can add £12,000 to the value of the property," says general manager Gary Quesnel.

And what about combining the fitness with the fizz? Spa De La Mare manufactures a range of swim-spas in which you can do battle with a three-jet counter-current at one end, while your spa-ing partner simmers away gently at the other.

Marilyn Bentley

TRAVEL

"Standing on the veranda I breathed the sweetness of the air. Cloves I could smell and cinnamon, roses and orange blossom. And an intoxicating freshness as if all this had never been breathed before."

In her novel *Wide Sargasso Sea,* Jean Rhys captured the sensuous beauty of her native Dominica as she remembered it in her youth in the early 1900s. It was, and still is, a beauty trapped by the relative backwardness of the island. Today, paved roads cross the lush rain forest which covers much of Dominica. The villages in the coastal hills, which not long ago were accessible only by donkey, can now be reached quite easily.

But Dominica still lags behind most of its Caribbean neighbours in economic and tourist development, making it a haven for those in search of the dwindling number of *islands not covered with* resorts, night clubs and locals determined to sell everything to the tourist.

The last flight of the day from Antigua reveals one reason for the sluggish pace of *tourist development. The LIAT* turbo-prop lands at dusk, a handful of people get off, and the flight to Martinique resumes before the night engulfs Melville Hall airport. A new airport has been built on the other side of the island, but neither can accommodate big jets, nor night flying.

The other reason becomes apparent next morning: most beaches in Dominica are of black or grey sand, in appearance less inviting than the picture of the Caribbean cherished by those planning to escape the North American and European winter. The few white sand beaches are mainly in little coves in the north.

On black, grey or white sand, the tourist might well be sharing the beach with a tethered pig or two, and chickens foraging among the fallen coconuts. The beach is also the right of way between village and plantation for the tall, lithe locals wielding the machetes with which they cut down the bananas that are the mainstay of the economy.

Many local people expect to stop for a chat. The dislike of white tourists isolated in resorts, which is so uncomfortable on some islands, is largely absent here. The friendliness and hospitality of Dominicans is one of the delights of the island. It would be fair to mention, however, that Dominicans do not seem to take too enthusiastically to the other service jobs which go with a well-organised tourist industry.


Selling local produce in the market at Roseau

Backward beauty

***Hazel Duffy** visits the lush Caribbean island of Dominica*

A retired French-Canadian who came out under an aid scheme to inject some professional management into a languishing Government-owned hotel admitted that the uncooperative staff had tested even his experience almost to the limit in the early days. But he was succeeding, and eagerly awaiting the arrival of groups planning to trek through the rain forest, and climb some of the forest-clad peaks that soar 4,000 and 5,000 ft high.

Dominica's natural beauty is its major attraction. Some spots, such as Trafalgar Falls, and the Emerald Pool deep in the Morne Trois Pitons national park, are easily reached – although a landslide on the road to the falls meant a much longer-than-expected walk. Others, like the boiling lake of volcanic origin, require a guide.

Buy a good map before setting out for Dominica, for maps and other tourist information are not in abundant supply once there. But beware of assuming that the footpaths marked on the map exist. Frequent heavy rain obliterates paths rapidly.

Hundreds of streams and rivers cascade down from the mountains, making for marvellous freshwater swimming. The island actually exports water to its more arid neighbours. On the wilder east coast, the rivers rush out to clash with the incoming ocean breakers. On the west, the sea is gentler. The handful of hotels, yielding about 400 beds in all (the equivalent of a single new hotel in Antigua) are mostly on this coast.

Roseau, the little capital in the south-west, has hotels used by businessmen and tourists, but no beach. The streets, some overhung with verandahed little houses, are narrow and frequently potholed. It has two or three restaurants, including La Robe Creole, which serves local fish and other delicacies, like "mountain chicken" (actually a huge frog), in Creole sauces. Otherwise, eating is in hotel restaurants only. It pays to take a packed lunch, as food shops are few outside Roseau.

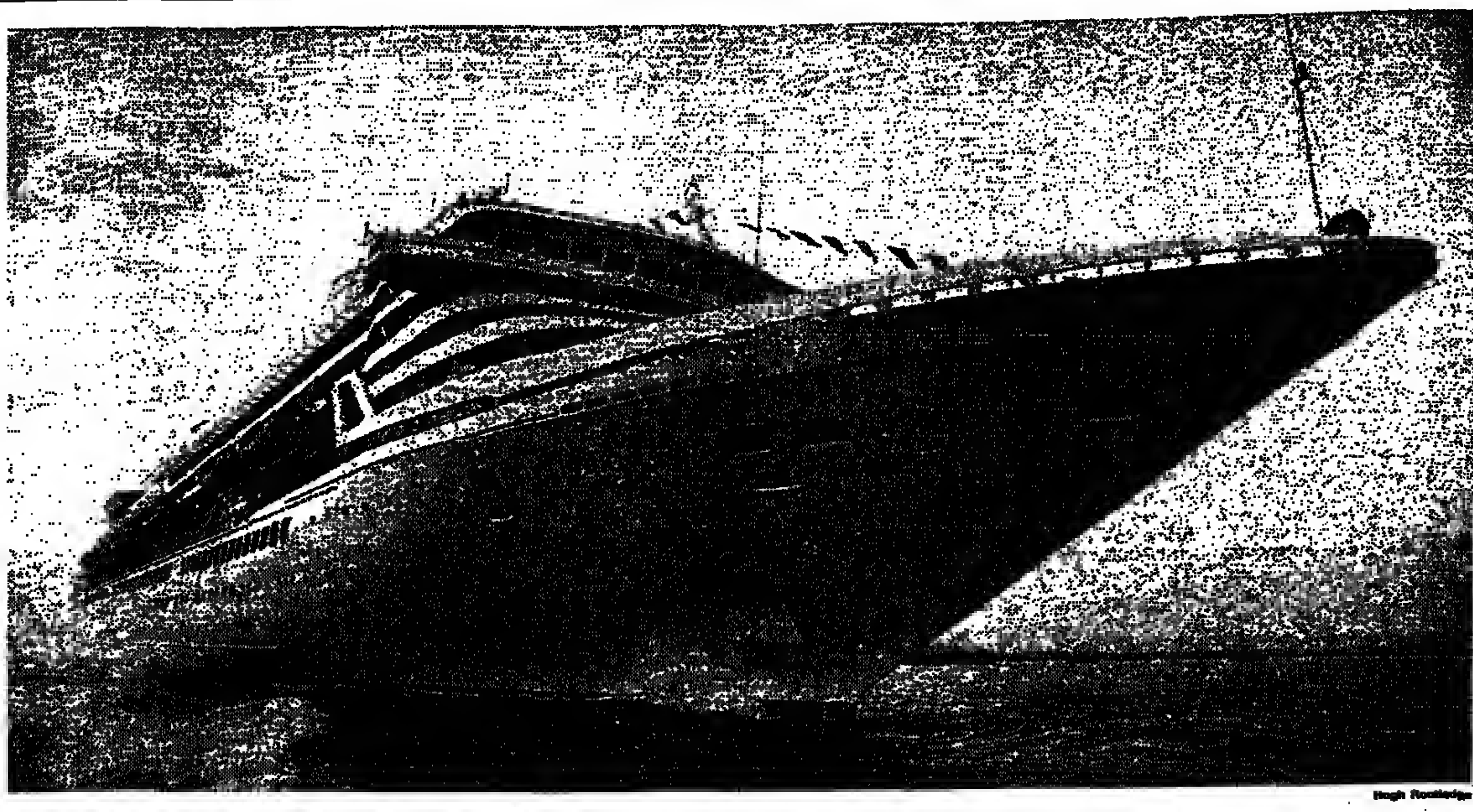
Roseau, built on a delta, was never intended as the capital. That distinction belonged to Portsmouth, in the north, where the broad bays were the scene of frequent tussles between the French and English as each fought for supremacy of the island. In the end it fell to the English, but many of Dominica's place names, and the patois still commonly spoken, are evidence of the French heritage.

Close to Portsmouth is the partly restored 18th century Shirley Fort which housed English and West Indian soldiers and sailors. It is one of the few buildings from the colonial period. Dominica, which last year celebrated 10 years of independence, pays little obeisance to white history.

The only reminders of the past are, somewhat sadly, the 300-plus pure Caribs who live on a reservation on the east of the island, descendants of the original inhabitants who fought fiercely and vainly to keep their beautiful island. Their basketware, made in mud-floored, thatched huts, is one of the very few souvenirs of the island, apart from the excellent rum. Nobody, however, tries to sell anything.

■ Hotels are small and comfortable, without being luxurious. Expect to pay between $100-$120 for two (dinner, bed and breakfast), plus 10 per cent service and 10 per cent Government tax. Cars can be hired by the day, or week, in Roseau. Taxi fares from the airports are regulated. Air fares: British Airways/LIAT low season (Oct 1 to Dec 5, Dec 25 to June 30): Apex £511 return, pex £564; high season (July 1 to Sep 30, Dec 6 to Dec 24) Apex £589 return, pex £640. Full economy return, year-round, £1,232.

When it comes to cruising the US rules the waves



Hugh Routledge

Royal Princess, smart flagship of Princess Voyages, makes five cruises from Tilbury to the Baltic and Russia

William Glenton looks at the new atmosphere aboard cruise 'super ships'

THE COLOUR TV, video cassette player and satellite-linked ship-to-shore telephone in my cabin aboard one of today's super cruise ships looked like a space age removed from the steam and stuffed shirt days when my uncle took his annual holiday voyage. When cruise ships all became one-class, be turned his back on the rolling seas, for in his book social distinctions came a long way ahead of getting sea sick.

There is less chance of either nowadays, with ships both stabilised and open to anyone who can find the fare, yet there are still plenty of Britons who would prefer cruises to offer old fashioned dignity rather than a chancy all-pals-together sociability.

What some fear today, as ships get ever bigger, with as many as 2,000-plus passengers, is that they will be just a cabin number in a crowded, floating holiday camp, however stylish it may be.

The addition of several new super ships is a key feature of the current year, though the big change they are creating in *cruise ship atmosphere* may not meet the needs of those seeking a more traditional kind, class conscious or not.

Large sizes used to mean increased exclusiveness and luxury, but not necessarily today. The main aim of cruise lines that order new giants is to woo a broader market while achieving better payload economy. This often means greater standardisation of cabins, meals and entertainment.

Much of the gracious old bouillon and palm court style has been deliberately jettisoned to make way for a jazzier kind more likely to appeal to first-time cruisers better used to shoreside entertainment.

Companies such as Carnival, which this year adds the first of three 70,000 gross ton mega ships to its existing big vessels, aim to keep their customers happy with lively day-long fun including lavish musical shows, large, plush cinemas, plenty of stylish bars, two or three swimming pools and several shopping arcades.

What would make uncle's blood pressure rise, though, are the casinos with flashing lights that dazzle passengers more than the tropical sun on deck. Gambling is now top money maker aboard some ships.

Encouraging holidaymakers to spend more of their money aboard instead of at ports of call is part of the new policy. There are comparatively few places visited on the week-long round trips that several large vessels make from Florida or the American West Coast.

Compared with the wider-ranging ships of the past, these new giants are more like floating seaside resorts. Yet if some resemble Blackpool, others are closer to Bournemouth, while a more select lot are in the Monte Carlo or Acapulco category.

A ship such as the world's largest purpose-built cruise vessel, the 74,000-ton Sovereign of the Seas, of Royal Caribbean Cruises, attracts a broad middle market. Three 63,000 tonners for P & O's Princess Voyages, the first of which makes her maiden voyage this spring, are in a similar class and could be aimed rsther higher.

Anything new that better suits the luxury end of the market comes a bit smaller, but still quite large. An example is the Royal Viking Sun, 38,000 tons, which has just begun her career. She has nearly everything the wealthy passenger needs, from butler service in the top suites to king-size beds, health club and a separate *à la carte* restaurant.

You can always tell the quality of the ship by the number of passengers carried per ton and the ratio of crew. The Viking Son's 740 maximum souls is much less than ships her size usually have – served by all of 460 staff. Her itineraries are also more varied and wider ranging than the majority, including an annual round-the-world voyage.

Of all the big new additions she is closer to the stylish days of yore – but not in looks. Her high sided, blunter design has not the appealing curvaceousness of past ships. Neither my uncle nor the Prince of Wales would be pleased.

Other traditionalists might also regret the disappearance of the atateller, wooden-panelled interiors of the past, although their going makes ships less of a fire risk. The more modern styles can, however, be appealing if sometimes colder. The latest vessels are run like hotels, with an "hotel manager" instead of a "chief steward".

All of this undoubtedly suits many of today's passengers. Their attitudes are reflected in the way such customs as dressing for dinner are fast disappearing. The word "formal" appears on ships' daily programmes very rarely, while "casual" and "informal" are the common entries for dinner-time wear.

The garish Hawaiian shirts now often worn in the evening would only have been matched by uncle's choleric looks on seeing them. He never felt at ease with their wearers, or what he termed "our American cousins" even when they wore dinner jackets. The multi-coloured ones they now don would confirm his suspicions.

Yet it is the US that dictates so much of what happens in cruising today. Its citizens far outnumber those from other lands on most ships and it is mainly for them that all the new mega ships have been or are being built. That is why many sail from US ports.

Finding a ship closer to British tastes, let alone one under the Red Ensign, is still possible, although the choice is limited. The days when one could sail from a UK port more easily than finding a cab in a West End rush hour have long gone. The 1989 possibilities include several voyages from Southampton by the Canberra and a few from there by the QE2. The big 45,000 ton Royal Princess, the smart flagship of Princess Voyages, makes five cruises from Tilbury to the Baltic and Russia. All three spend much time based abroad, but are available for fly-cruising from Britain.

There are a few other ships that carry numerous British passengers – like the two CTC Soviet-run ones from Tilbury and Genoa, though that might be taking Glasnost a bit too far for those with more sophisticated tastes. The culturally inclined can enjoy the art, archaeological and wild life cruises in the small Greek ship chartered by Swan Hellenic of London, for Mediterranean and Red Sea voyages.

The remaining alternatives are a mixed bag of Italian, Greek, German, French and Norwegian-owned ships which, under their various flags of convenience, offer a more hybrid international flavour. It is among them that one can also find, both in shapeliness and atmosphere, several quality ships that still retain much of yesteryear's style.

Anyone seeking a good example of that (plus a choice of itineraries more interesting than most) will find it in the pair of elegant sisters, Sagafjord and Vistafjord, that are manned by Norwegian officers but are owned by Cunard. Even my uncle would have been satisfied. One class they are, but first class all the same.

Yet I wonder how he would have come to terms with three of the newest, most advanced ships afloat that will be very prominent in 1989. The trio of Wind Star Cruises vessels are fourmasted sailing schooners carrying 150 passengers each in exceptionally up-to-date comfort. Almost everything aboard, including the sails, is worked hy compnter.

■ *The Passenger Shipping Association at 93 Newman Street, London W1P 3LE (tel: 01-491-7693) is a useful source of cruise information.*

BRIEFING

THE AIRPORT Survival Pack, launched this week week to the travel trade, may prove a boon to those who will face delays at Britain's airports this year.

Last summer's delays – average wait four hours although many faced much lengthier delays – has prompted tour operators, airlines, and airport managers to improve the holidaymakers' lot.

Apart from extra seating, meal allowances, and even entertainment, several travel companies and airlines are likely to give away a survival kit to delayed passengers.

The survival packs are similar in style to those offered to First and Business class passengers on scheduled air services. The packs for men contain toiletries, including a razor, an eye-mask, pen and pad, and even poker dice and playing cards.

For women the pack also includes refreshing tissues, nailcare boards and sweets. Children's packs include crayons, colouring books and games.

Michael Lynn, managing director of Easymove Services which came up with the idea, says the concept is similar to the welcome packs his company already provides for holiday villas and self-service apartments.

Travel operators are reluctant at this stage to admit that they will be giving the free packs away, since they still have hopes that delays will prove the exception rather than the norm this summer. But few in the trade really expect delay-free departures this summer.

France is still by far the number one holiday destination for most Britons – yet a new book out this week suggests that owners of French family-run hotels may be taking such popularity for granted.

The Holiday Which? Guide to France, published by the Consumers' Association, says that "unfriendliness, muddles, and interminable waits at reception and in the dining-room – to say nothing of the obvious partiality towards big-spending guests – are now common-place in some French family-run hotels."

Editor Ingrid Morgan says that standards of service have fallen dramatically since the guide was first published in 1982 as over-ambitious French hoteliers expand and upgrade their properties.

Even so, the guide comes up with over 250 recommendations of excellent places to stay in France, ranging from simple country inns to luxurious chateaux.

Holidaymakers on their way to France by coach and ferry will be pleased to learn that streamlined immigration controls at Dover, which came into force this week, should speed their departure. Coach drivers now only have to sign a declaration for the number of European Community passengers being carried, although passports will still have to be produced for other nationals.

However, the system so far only extends to departing coach passengers – those returning will still have to leave the coach and produce a passport at immigration.

David Churchill

DIVERSIONS

Cavers cheat the omens in a cavern full of dreams

Aboriginal legends warned Rob Palmer of the dangers of Pannikin Plain Cave. They were portents that proved terrifyingly real

In the dreaming of the Mirning people of the central Nullarbor plain in western Australia, there is a story of an old sorcerer with two wives. One day, the sorcerer and his dogs went hunting kangaroo, and chased one into the great cave at Koonalda. Deep into the ground they went, chasing the 'roo, until they disappeared from sight.

They were gone many days, but the women could hear the howling of the dogs deep in the cave as they hunted. Tired of the sorcerer, they gathered brushwood and took it into the cave, blocking the passage with a bank of dry branches. Hearing the old man's return, they set it alight and waited as the dogs and the sorcerer choked to death in the smoke.

As they died, the old man and his animals clawed at the rocks of the walls in a vain effort to escape the fumes and heat. Eventually their screams died away and the ashes of the fires blew across their bodies. Well rid of the old man, the women continued on their way.

TODAY, on the walls of Koonalda Cave, the marks made by their clawing nails can still be seen. White men call them the oldest Aboriginal art in Australia, maybe 24,000 years old. The Mirning know different.

An elder of the Aboriginal Mirning tribe, Maureen, told us this story in our camp on Pannikin Plain in western Nullarbor. We stood in a dusty stand of eucalyptus scrub that sent the incessant desert wind into eddies around the tents. A few hundred metres away, the focus of our expedition gaped black in the red dirt: the circular entrance of Pannikin Plain Cave.

Fascinated though she was by our explorations, nothing could persuade Maureen to enter the cave. She was worried about the "widgerees," the little people of Aboriginal legend who lived underground and who did not like to be overly disturbed. However, she reckoned that we'd be OK. Her friend Helen Rogers, one of our team, had seen a double rainbow over the entrance of the cave that morning. That was a good sign, she said.

Pannikin Plain Cave is one of the Nullarbor's famous underwater caves. Despite the surface aridity, massive underground conduits channel brackish water seawards far below the dusty scrubland. A circular pit leads down a rubble slope and through a dubiously-stable boulder pile to a large underground cavern 100 metres long. At the far end of this, 100 metres below desert level, lies a crystal-clear pool.

Exploration by Australian cave divers in previous years had seen the discovery and exploration of a huge kilometre-long underwater passage — a "sump" — beyond the pool, with one airspace near the end and a major side tunnel curving back towards the entrance. At the end of the sump lay Concorde Landing, an enormous dry chamber which, paradoxically in this vast Outback wilderness, lay directly underneath the trans-Australian Eyre Highway. Divers camping in the chamber could hear faintly the rumble of huge juggernauts over a hundred metres above them.

The year before we arrived divers had swum beyond Concorde Landing for a further 625 metres, past one further air space, the Oval Room, 150 metres from the first large air chamber. Several divers had explored this new passage and had found that there was an apparent splitting of the large tunnel into two separate ways further on. The long multiple dives needed decompression stops and pure oxygen was necessary at the shallowest stages to speed the release of nitrogen from body tissues.

The larger, well-sponsored 1988 expedition, mostly Australian and led by Andrew Wight of Sydney, aimed to push the limits of the underwater cave to the farthest practicable extent. With Cocklebiddy Cave (at over six kilometres the longest single underwater passage in the world) only a few kilometres away, the new cave held world record potential.

During the three-week exploration everything ran surprisingly smoothly. Both passages at the cave end were explored, one proving to be a large oxbow that looped back to the main tunnel after several hundred metres, while the main run continued its clear and magnificently large passage for 1,150 metres from Concorde Landing to "end" in a massive roof collapse that apparently blocks the way on.

Then things started to go wrong. Maybe we'd been too flippant about the widgerees. The snake seen to crawl into the cave entrance one day near the end of the exploration was a bad sign too, according to Aboriginal symbolism.

On the last day, Ron Allum, Phil Prust and I surfaced from the final dive of the expedition, bringing all the camping equipment out from Concorde Landing after Ron's final solo attempt at the end. As we scrambled up the rocks by the lake, we saw a procession of lights scurrying towards us across the chamber. "Splendid," we thought. "Everybody's coming to help us get the gear out of the cave."

Suddenly, behind the last light, boulders began to rumble down the slope. People leapt onto the rocks, the agility of the tailenders enlivened by the thunderous crashes behind them. More rocks fell. A waterfall appeared as if by magic, and tumbled down the slope into the pools below. We watched in awe as the cave changed, a billion-to-one metamorphosis timed precisely at the end of the final dive.

The three team members left on the surface were cowering under the table in the cook-tent as a typhoon raged round them. In 15 minutes, an estimated four inches of rain fell, half the area's annual rainfall, some of it as acorn-sized hailstones in a wind that simply blew the camp away. One tent, full of personal belongings and two heavy toolboxes, ended up 800 metres from the camp.

The rain, falling on hard-baked desert, simply ran down the nearest hole — which was the cave. The entrance lay in the centre of a depression that encircled it for many hundreds of metres. Water ran into it for four hours after the 15 minute storm. Mud that had cemented huge boulders together for millennia was washed away, the boulders falling with it, the entire guts of the cave relocating themselves in front of our eyes. The noise was bone-chilling, great, echoing rolls of crumbling thunder that reverberated through the chamber. As a ledge we used for storage gave way, part-empty diving tanks bounced down among the rocks, adding the fear of a compressed gas explosion to our knowledge of entrapment.

Eventually, things quietened down. Water still streamed into the lake, but the boulder noises gradually faded away, with only the odd rock dropping as the glue-like mud no longer bore its weight.

We took stock. Everyone in the cave was safe, although trapped. We had food for several days, spare lighting, some water, clothing and sleeping gear from the camp. We weren't in too bad shape. More important, we had a radio capable of transmitting and receiving messages through the rock to the surface. It depended on those above thinking to plug it into their aerial, and being able to.

That evening, at our standard communication time, Ron switched on, spoke, and waited . . . and we heard a reply! Through the cheers, Ron could be heard cursing in amazement as news of what had happened on the surface came through.

It was obvious that we would still be trapped underground for some time. A foray into the chaotic jumble of rocks that had once been the cave entrance showed that things were still too unstable to find a new way through. We settled in for the night, aware that we were rapidly becoming international news.

A precarious trip into the choke that night had left me feeling that there was a good chance of an open way through, although it would be dangerously loose. We agreed that a team would attempt to enter from above the following morning, hopefully at or near the point I had reached the evening before.

At 10 am, three of us climbed delicately into the choke from below, reeling out a diving line to mark the most stable route. As I tiptoed carefully across the still-settling slope towards a newly-formed hole leading further up, I heard a surface team member, Vicky, calling from above.

We met up in what had once been a small chamber half-way down the entrance drop, where people had earlier stood for hours on a boulder floor that now formed part of the chaotic jumble of rock below. The room was now three times the size, the way out lying across a huge boulder jammed from wall to wall above the floor of the chamber — a new natural bridge to the outside world.

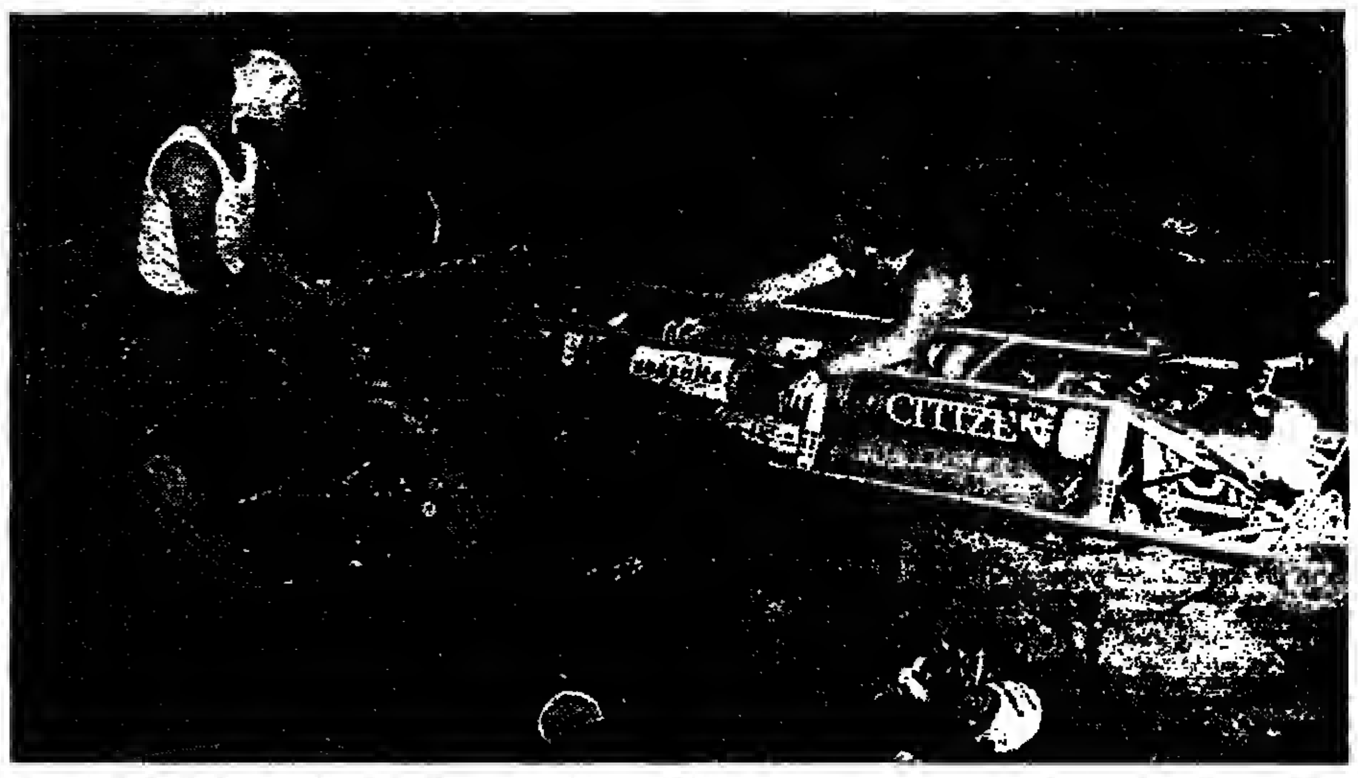
Two colleagues returned to those still waiting below to pass on the news. I continued on out to report on the situation below, and Vicky stayed in the desperately-unstable chamber, exhibiting a cool courage as she pointed each emerging caver towards the new route out.

It took four hours before everyone was safe. Emerging into the grey afternoon light was to enter a desolate landscape that bore only a passing resemblance to the desert we had left the day before. Old dead bushes that had dried to fragile iron-hard skeletons in the sun had been erased as though they had never existed. Dust blown by years of winds was washed from trees and living bushes; the ground was mud. The entrance of the cave was scraped bare by the torrent. Police cars, Toyota Landcruisers and a huge road grader were scattered round the entrance, looking strangely out of place in the post-holocaust desolation.

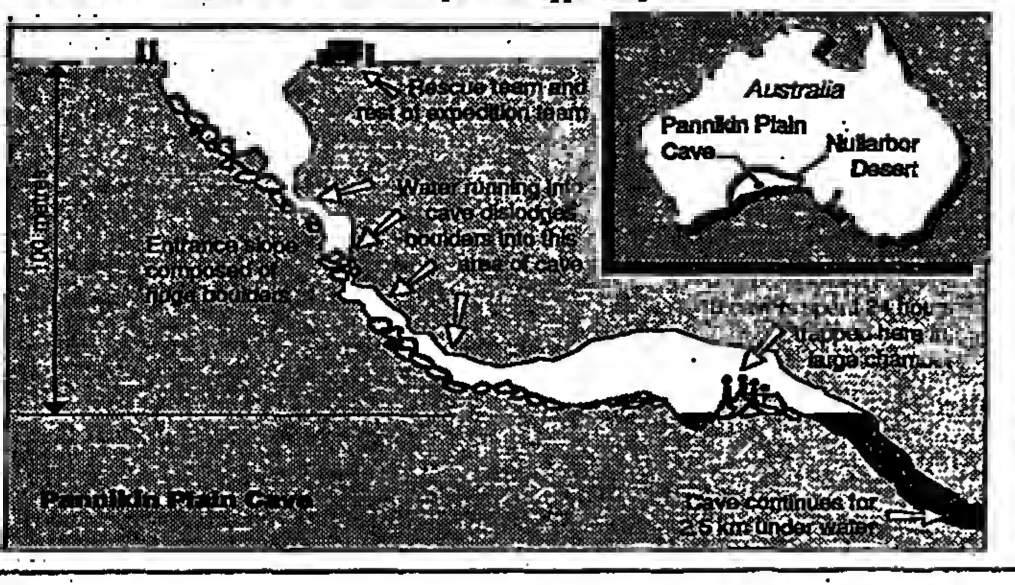
The widgerees allowed us to get everyone out safely, but we left the diving gear for later, when the cave had settled a little more. Thirteen people alive and well was enough for one week, double rainbows notwithstanding. We all got very drunk in the remains of the Cocklebiddy Roadhouse.

On the last day, those of us who were left went to the beach. The 40 km drive on dirt tracks and dunes led to Twilight Cove, one of the world's most remote and spectacular beaches. Some lay in the vehicles and slept, others wandered along the beach and cliffs in small groups, or on their own. Vicky and another team member, Liz, went swimming. Waist deep in the surf a pod of dolphins appeared, and one swam to the two women, passing between them in a lazy figure-of-eight.

Symbolism struck again the following morning, as we left the cave. Two of the girls walked to the cave mouth for a last look down the shaft. The snake slithered out over the entrance and looked at them. Then it fell back into the dark hole. The widgerees were saying "Not yet . . ."



Divers Ron Allum and Chris Brown prepare a sled full of air cylinders to be towed to the air chamber called Concorde Landing



Fishing

Doing it by the book

Tom Fort discovers some fascinating facts about the fundamentals of catching trout

LEWIS DOUGLAS, the American ambassador to London from 1947-50, sounds like a man of discrimination. In addition to his accomplishments as businessman and diplomat, he was a dedicated trout fisherman and could recognise a good thing when he saw it.

He once wrote of a new book: "It so extraordinarily enlightens the art of fishing that it should be a piece of the equipment of every intelligent angler." I am relieved to say that the book in question — *An Angler's Entomology*, by J. R. Harris — is indeed a piece of my equipment.

For an ignoramus such as myself, the study of Harris's work is a source of shame and enlightenment, in about equal measure. The first comes from the realisation of inadequacy, the second from the easy display of rich and useful learning.

The book is an inquiry into the inexhaustibly fascinating subject of the insect life of our waters. It tells of the births, habits and brief lives of these cherished creatures, of when and where they are found or not found. Above all, it tells how they may be identified, and thus illumines the way to catch the trout which eat them.

Any fisherman will testify that, of the many frustrations he must endure, one of the worst is being unable to tell which type of fly to use (the worst of all, perhaps, is having that knowledge and not having the fly).

The sequence is usually as follows: the trout are rising keenly and confidently; the angler attacks them with a likely pattern, which they ignore; he peers at the insect life around, and puts on another fly, then another, and then another. All are ignored, so he reverts to the one he tried first. The trout move aside to let it pass; the angler gives up, or throws a brick at the fish.

Lewis Douglas: a diplomat and a dedicated fisherman

I am not saying that close reading of *An Angler's Entomology* will abolish such nightmares utterly, for there is a gap between the printed page and life as it is lived on the river-bank which cannot be bridged entirely. But it helps, and the man who provides such assistance is to be prized.

So, on a recent visit to Dublin, I went to visit Dick Harris. He is a powerfully-built, affable man with a sharing attitude towards his whisky and a fund of expert manner of expressin his trenchant views on fishing, fishermen, the trustworthiness of journalists, rugby, life and other matters.

Now 79, he has had a varied and enviable career. He is described in the book as demonstrator in limnology (hands up who knows what that means: it's actually the scientific study of bodies of fresh water) in the department of zoology at Trinity College, Dublin, where he spent many years researching such diverting matters as the life cycle of the tapeworm. He has been a fishing consultant, a director of Dublin's best-known fishing tackle shop, a journalist, even an employee of a mercantile company. It never mattered greatly so long as it was connected with fishing.

The passion gripped Dick Harris early. His father, a solicitor, was keen and, at the age of 10, the boy for the first time caught a trout on a fly he had tied himself. Long summer holidays were spent on Achill Island in the far west of Ireland, where he learned to catch sea trout.

As he travelled and fished the lakes and rivers of Ireland, Harris became increasingly fascinated by the secret life of the insects he observed. He found that no-one had addressed the subject coherently since Alfred Ronalds published his *Fly Fishers' Entomology* in 1836, so he set to work.

The importance of Harris's book was recognised as soon as it was published, and it has continued to exercise a potent influence, even though the last of its seven impressions was released in 1977 (Collins, please note). Stall Fallon — who wrote by far the best recent book on fishing in Ireland, *Fly-fishing for Irish Trout* — called Harris "perhaps the greatest living Irish angler-entomologist."

These days, because of age, and a certain disenchantment with what he sees as the despoliation of the waters he knew by polluters and other criminals, Dick Harris hardly fishes any more. But the love of the sport lingers. He ties flies, particular patterns for particular friends, and is at work on the closing sections of a second book.

He told me that it contained the four fundamentals of fly fishing. Innocently, I asked him what these were. He asked me if I thought he was "eejit" enough to tell me. Then he roared with laughter, and poured more whisky. Later, he said: "I know a lot about fishing, and the most important thing is that the more you know, the more you realise how little you know." I'm still thinking about that one, and feeling a trifle humble.

A garden of Eden blooms anew in Africa's wasteland

RENE HALLER is extremely modest for a man who has been compared to Moses and Darwin after turning 250 acres of exhausted quarry into a paradise on the Kenyan coast.

Following the Ethiopian famine the agronomist and entrepreneur received a blizzard of publicity. His reclamation project became a victim of media exposure. The man became more important than the message.

"People were fed up with reading about disaster," said Haller. "They were desperate to say something positive about Africa and they were looking for a figure to promote.

"But there is no way this whole project came out of my head alone. Ideas came from farmers, tribesmen, students and professors. I was just the catalyst and the man who made things work."

What Haller has done is turn a devastated desertland into a fertile tropical arcadia, making it difficult to avoid the biblical imagery of creating a Garden of Eden from the lifeless origins of the planet.

The project began 15 years ago when Bamburi Portland Cement Company, Kenya's largest cement producer, discovered its environmental conscience.

It decided that something had to be done with the gaping scars left in the landscape by fleets of rapacious bulldozers excavating coral rock for limestone used in cement. The machines uncovered layers of the earth that had lain undisturbed for half a million years. In their wake a wasteland was taking shape, nearly lunar in its bleakness.

Haller was the perfect choice to restore the wounded land. He had spent several years studying indigenous agricultural practices around East Africa.

His successful attempts growing vegetables at the coast had already taught him to be sceptical of conventional western wisdom, and in the absence of any authoritative literature on reclamation in Africa, he was willing to experiment.

First he tried 26 different trees to find one that would thrive in the salty soil and warm, humid weather. The best proved to be a common tree growing in his own back garden, the casuarina, a scanty Australian pine tree which produces its own nitrogen.

Haller also found that, contrary to what he had been taught at university, the seedlings developed better in sand than in compost because micro-organisms introduced thrived better in a hostile environment.

When the fledgling casuarina began to drop their needles, he introduced thousands of millipedes and earthworms to create a carpet of thick rich humus.

As the forest took off Haller began to dig fish ponds and, after several trials, stocked them with tilapia, a tropical fish capable of tolerating high salinity. Next he introduced several African antelopes, elands, water buck and oryx, to form a hrigade of natural lawnmowers and fertilisers.

Today tha casnarinas planted 15 years ago have developed into a thick shady forest where other trees and vegetation have found a home.

With the completion of a nature trail the image of Eden seems complete, with tourists wandering through a verdant forest that might have been created for them. There are herds of antelopes grazing in forest clearings, hippos wallowing in clear blue pools, huffaloes, birds, peacocks, giant tortoises and crocodiles.

DESPATCHES
• Mombasa •

But beneath the glamorous facade of a paradise regained is a complex, balanced and commercially viable acquaculture farm. Within the system every animal has a specific role — even man, with visitors's fees proving a valuable source of supplementary income.

At the system's centre is a fish farm which produces 440 pounds of fish a day. Sally, a 1.5 tonne hippopotamus, is the lynchpin of the farm. Haller found that hippo excrement stimulates the growth of algae, which in turn oxygenates the water, thus improving breeding conditions for the tilapia. The hippo moves around a lot, stirring the mud on the bottom of the pools and preventing the build-up of toxic gases such as hydrogen sulphate.

Nothing is wasted. The water from the fish tanks is flushed out rich in faecal matter and nutrients, which are used for fertiliser and biogas to run pumps. The water then flows into the crocodile farm.

Crocodiles, used as natural dustbins and valuable for their hidas, also stimulata the growth of algae. From their pool an algae soup is flushed into the water system during maximum sunshine, when photosynthesis releases oxygen into the water.

The water then flows through floating rice and Nile cabbage fields where the nutrients are sucked out and put to productive use. Then the clean water is pumped back into the fish tanks.

The farm also prodnces bananas, tomatoes and spinach. The casuarina trees are harvested as a cash crop for sale as building poles and charcoal.

Haller rejects the use of chemicals and fertilisers, believing that nothing should be brought into the complex balanced ecosystem that is not compatible with the existing environment. *Beetles* are controlled by owls. Rats are kept in check by snakes and peacocks, which in turn are prey for monitor lizards.

The project, initially dependent on financial snpport of the cement company, now turns over a healthy profit and employs 260 people. Haller has proved that ecology can pay.

His intensive aquaculture and agroforestry techniques, geared to maximum yield of food, fuel and income from minimum acreage and inputs, offers significant hope for *small scale* African farmers short of fertile land on a continent ravaged by environmental disasters.

Haller also believes that, given Africa's explosive population growth, the commercial production of fish will become a vital source of cheap animal protein.

His methods can easily be adapted by Africans, he says, since their genesis lies in traditional tribal techniques — like intercropping and mixing livestock with farming — taught him by local farmers. And he is anxious to dispel the mantle of miracle maker forced on him by the media.

"There's nothing magical about what we have done here. Sometimes we've just accelerated the natural process. We experiment, we observe, we keep on trying to understand why things go wrong. But that's just natural logic, common sense," he said.

The natural order Haller has created stands as a delicate jigsaw puzzle. But the ecosystem now seems capable of regenerating itself and as much as five acres a year are being reclaimed naturally without human intervention.

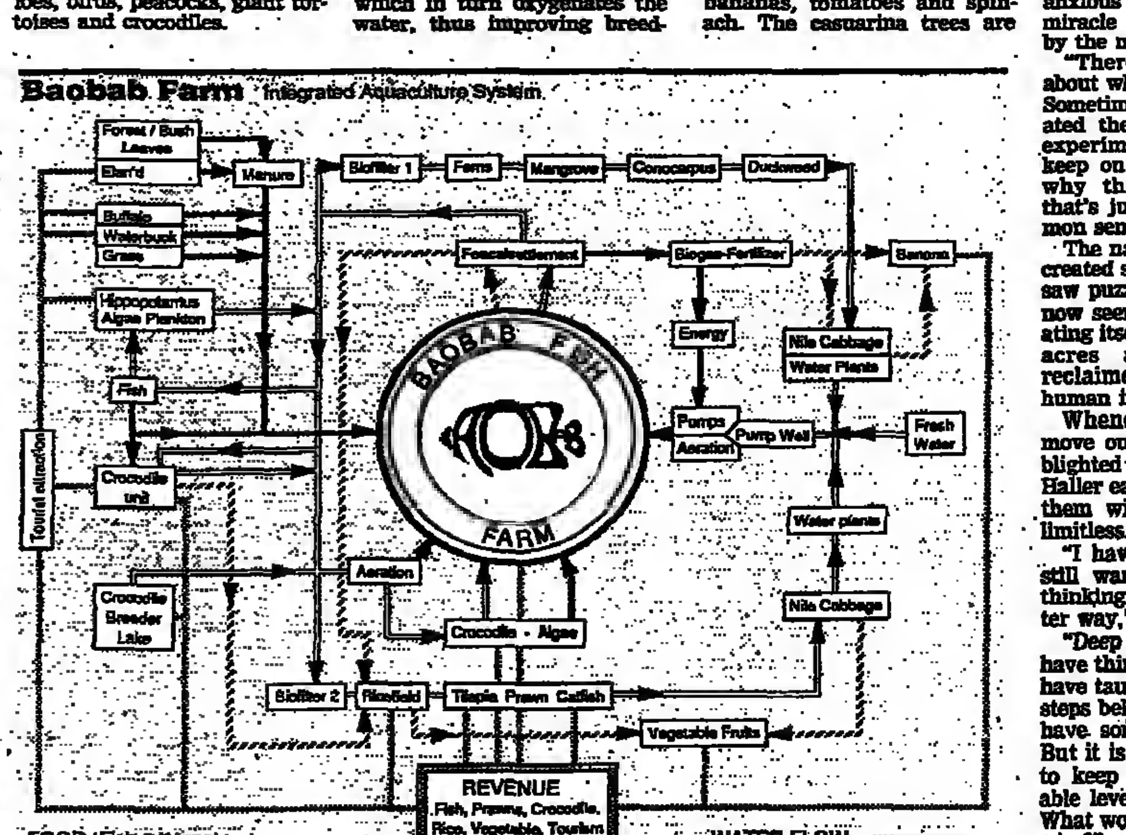
Whenever the bulldozers move out at Bamburi, leaving blighted land to be reclaimed, Haller eagerly moves in behind them with a vision which is limitless.

"I have got so much that I still want to try out. I keep thinking there has to be a better way," he said.

"Deep down I would like to have things more perfect, but I have taught myself to stay two steps below perfection so I still have something to strive for. But it is very important to me to keep things on a manageable level for the local people. What would be the point otherwise?"

Julian Ozanne

Baobab Farm Integrated Aquaculture System



DIVERSIONS

An awayday around the universe

***Christian Tyler** reports on plans to turn an English castle into a scientists' rendezvous*

"THERE IS something odd about the way cultured people view the sciences," says Dr Robert Reid, programme director of the Committee on the Puhlic Understanding of Science, a body set up hy Britain's leading scientific societies three years ago.

"They don't accept the fact that the greatest and most important cultural innovation has been science itself: it is a culture as exciting and beautiful as any painting or ballet."

But the scientists are fighting their corner. In April, a zoologist from Oxford is to be appointed the first Professor of Puhlic Understanding of Science at Imperial College, London. And this month the East Sussex planning authorities will consider the imaginative proposal of another professor who wants to promote puhlic science at Herstmonceux Castle in East Sussex, after the professional astronomers of the Royal Greenwich Observatory move out in May.

The professor is Richard Gregory, a neuropsychologist at Bristol University. He is an expert on human perception and the hrain and has worked on problems of artificial intelligence. Gregory's father was an astronomer and one of his oldest friends is Patrick Moore, the country's best-known stargazer.

Gregory is a member of the Committee on tha Public Understanding of Science and bas some welghty acadamic support behind him, including that of Sir George Porter, a Nobel laureate in chemistry who is chairman of the committee and president of the Royal Society.

Even more to the point, Gregory is the founder of The Exploratory, a sort of indoor science park in Bristol backed hy charitable trusts and husiness sponsors, where visitors can conjure up for themselves an intriguing array of scientific phenomena. Its purpose is to encourage learning by *doing*, to banish people's fear of science and to close the gap between our everyday perception and a modern scientific account of the world. (It also demonstrates that most of us have barely caught np with Newtonian physics.)

Gregory and his friends set their sights on Herstmonceux when the Observatory's decision to move to the Canary Islands was made known last year and the estate was put on the market. But tbey were unable, in spite of a last-minute liaison with a Canadian entrepreneur, to guarantee that they could raise the necessary money.

Fortunately for them, they had already been consulted by the eventual winner of the contest, Ian Tegg, a property developer who clinched the deal with a tender offer of about £10m for the 15th century moated castle, the telescope domes and 368 acres of land.

Fortunately, too, the sale was not a simple auction to the richest hotelier or theme park tycoon. The castle is a scheduled ancient monument, and a report commissioned from the English Tourist Board had recommended that some kind of scientific activity should be included alongside plans for a luxury hotel and golf course.

In short, the property developer needed Gregory's scientific credentials, while the professor needed Tegg's support and entrepreneurial skill.

A letter of intent between them and informal negotiations with the planning authorities have resulted in a detailed scheme which will go to the Wealden District Council later this month, then to the East Sussex County Council and English Heritage.

Tegg and his financial partner, Harvey Lee, a suntanned private investment adviser who commntes betweeen northern Spain, Geneva and England, expect to spend another £40m on their prize acquisition.

Ashley Ashwood

Harvey Lee (right) and Ian Tegg, new owners of Herstmonceux Castle in East Sussex

Outlining his plans for the first time since the sale, Tegg said that be proposes to convert the castle into a five-star hotel with an indoor swimming pool, put up a 110-bed mock-Elizabethan annexe alongside with underground parking, lay out two 18-hole and one nine-hole golf course and huild some 60 cottages grouped in three "villages" on 35 acres around the estate.

He would like to lease the cottages to companies wbo want to use Herstmonceux for husiness entertaining (it is only an hour from the Channel Tunnel), for conferences or weekend breaks for executives and their families. The golf-club-house would be part of a new sports and fitness centre open to hotel guests and local memhers. The ugly government offices on the edge of the estate, which the Observatory will occupy for another year, might be let as company offices or be turned into a private health clinic.

But the Equatorial Group of telescopes – six domes and five machines – and 11 acres of land would be handed over on a longlease at peppercorn rent to Gregory and his Herstmonceux Science Group. Tegg said he would put up "a six-figure sum" towards their development.

The telescopes would become the centre of a new kind of Exploratory devoted to astronomy and physics, wliere amateur stargazers could sign up for day trips – or week-long excursions – round the universe. The telescopes would be linked to a planatarium under the supervision of Patrick Moore. The history of physics, from Copernicus, Galileo and Newton to Einstein, would be demonstrated hy working exhibits and the evolution of physlcal theory explained hy lecturers using the latest techniques. Among the subjects proposed for the "explanatory" are the world's weather (using a landline from the Met Office at Bracknell), longitude, astronomical orbits and the microchip.

The group wants to build 40 four-hed cabins for resident students but expects to draw many day visitors from among the 2m schoolchildren and adult students who live within a two-hour drive of the observatory.

The Bristol gallery does little more than challenge the senses by means of simple but mystifying experiments. It does not have the facilities to explain why nature behaves in a counter-intuitive way. At Herstmonceux, on the other hand, the idea will be to explain to the layman what he has seen, and show him how to believe five impossihle things before breakfast – as the scientist must do in order to make sense of the universe.

It will cost more than £5m to set the venture up. But it will be a business, not a charity, and the money will not be hard to find, according to Henry Hohhouse, a writer and educationalist who has been working with Gregory. "Wa propose to do for the intellect what Outward Bound does for the body – shake people into their own potential," he said.

Or, to put it another way, Herstmonceux is to become the kind of cultural rendezvous for science that its celebrated neighbour Glyndebourna has become for opera.

The counterfeiter who struck the best notes

***Jonathan Sale** examines the life and times of Charles Black, the forger's forger*

SOME TIME ago, Charles Black came up with his own idea about the money supply. Long hefore the furthest Right of the Tory think tanks produced the concept, he decided that a privatised money system was the answer. His colleague, "Wheelchair Charlie," agreed. Charles Black also bucked the prevailing orthodoxy by concluding that there was a need for more money to be printed. By himself. He was unlicensed to print money but he worked out how to print it, none the less.

The result was a flood of "bent" notes that would have been a credit to the different treasuries from which they purported to originate. Another result was a lengthy prison sentence. A third was his book, *Counterfeiter – The Story of a British Master Forger* (with Michael Horsnell, £12.95), which the New English Library has published, appropriately enough, in Budget week.

Charles was a real pro, a forger's forger. American Treasury experts were hard-pushed to spot the difference between his dollars and their own. One is left with the impression that his were rather better. Some of the rival forgeries he came across caused him to shake his head; they were not the sort of product to be expected from "a forger with any degree of pride in his work." There were once some bogus Belgian franks which actually contained a spelling mistake and thus rather gave the game away to any of the Walloon "Funny Money" police squad who could read and write.

If his work was not up to scratch, Charles would hurl it on the fire. Once, he threw so many sub-standard notes onto his bonfire that they soared up with the smoke, and he watched in horror as the autumn leaves were covered by a heavy fall of dodgy hundred-dollar bills.

So dedicated was he that, in Maidstone prison, he became of Moslem. This was in order to meet a fellow inmate, famed for his forgery, who was of the Islamic persuasion.

Fortunately for the rest of us, he has given up competing with the Mint. That is what his book says, and his friends today sadly confirm that he is not flush with cash, as he was in the old days. He has diversified into pets, in two ways: he runs a pet shop and also a Thai marriage bureau.

There was a time when a counterfeiter went in fear of not just detection but his life. Until 1836, capital punishment was the reward for forgery. Today, the sentences are surprisingly stiff, considering that no violence or theft is involved. In prison, though, the counterfeiter is king and holds up his head as a criminal's criminal.

Charles Black detests violence. He has always been against car theft, too, particularly when it was his accomplice's vehicle, containing half a million $1 bills, which was removed by joyriders. It would not have taken a trained eye to spot that something was amiss with the notes: they were printed only on one side, something which the US Treasury tries to avoid doing. Black managed to get the police to recover the car without looking too closely in the boot.

Later, the two of them completed a batch of dollars – on both sides, this time – only to have a dog eat them. Another patch of bad luck was when Charles was pulled in (quite wrongly) for armed robbery. This upset him very much, partly because of his objection to violence and partly because the police would inevitably have started sniffing around the offset litho printing press in his garden shed. His quite genuine alibi was that he was cashing a wodge of traveller's cheques at the time; for once, these were real ones.

In between these periods of helping police with inquiries, he produced notes which were unrivalled in quality and quantity. Finally, the police did pin something on him but, oddly enough, it was a different piece of villainy, unconnected with his forgery, of which he was guilty (although they went through the house with a fine tooth-comb, they managed to miss the shed where his unofficial Mint was sited; his cover story to his wife, a Tawny Owl in a Brownie pack, was that he was merely a respectable printer of soft-core pornography).

It was only when he was in jail, with an accomplice carrying on the business, that the shed was discovered. Someone in the underworld shopped arthritic old "Wheelchair Charlie," the distributor to whom the accomplice was slipping a large bundle of £50 notes that had no connection with the Bank of England. The trail led to Chateau Black and, this time, the eagle eyes of the boys in blue did not miss the money box up the garden path.

Charles himself again had a water-tight alibi – he was in *Leyhill open prison* – but, when he had served his time, he was a marked man. He tried a bit of consultancy work for trainee forgers. He thought of opening a branch office in Bangkok but, instead, started up his import-export business of Thai brides.

The only relic of the old days is a light-box, which he uses to check for imperfections – and, therefore, forgery – in the notes from customers. His bank manager takes a dim view of seeing his own personal money exposed to this scrutiny, but Charles Black feels that one cannot be too careful these days. He doesn't want anyone to slip him one of his own notes.

Wine

Putting 'off-years' to the tasting test

***Edmund Penning-Rowsell** looks for likely successes in years thought to be disappointing for clarets*

REGULAR CLARET drinkers can recite the dates of the leading vintages in the way that some people can recite those of the Kings and Queens of England: '85, '82, '78, '70, '61, etc. Some vintages may not quite have lived up to their early reputations, but they are the years that we know. But what about the "off-years," the forgotten numbers? How did they turn out and were they as disappointing as forecast?

Inevitably, I collected a few bottles from such years, but when looking for bottles of more likely successes I too had left them on one side: vintages such as '77, '74, '73, '72, '69 and '68. They were never vintages that I bought as I had, for example, the '70s and '76s (and *perhaps over-bought that one*). I did, however, acquire occasional bottles of these down-graded years, including a few first-growths, so that they could be "looked at" upon reaching double figures in age.

If not exactly representative of these vintages, they were likely to be among the better wines, as these chateaux have the best technical resources and the greatest ability to make strict selections for the wines bearing the château label.

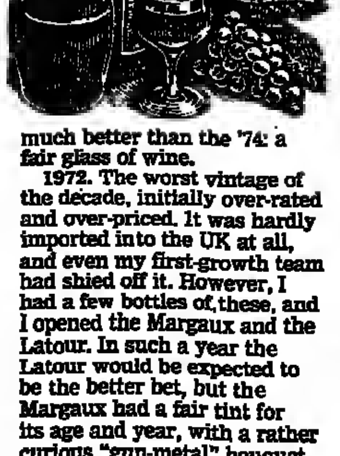
Accordingly, to see what these neglected bottles were like my wife and I set out to taste (if often not to finish) these relics. These are my notes:

1977. This vintage was damned long before it was made. After terrible spring frosts and a poor summer, the wines were excessively acid. However at our ten-year-old first-growth tasting a year ago, they had shown considerably better than expected, especially Latour and Cheval-Blanc. Now we tasted Lafite and Palmer together, and La Mission-Haut-Brion on its own. Lafite had more colour than Palmer and a good "lanolin" nose with more body though rather lacking in fruit and length. Palmer had fair colour and a Médoc bouquet of some class, but with a very dry, thin and acid end. Just drinkable, whereas the Lafite was more acceptable. The La Mission had some brown tinge but fair colour, a very oaky, seductive nose and taste, but surprisingly drinkable.

1974. After the very poor '72 and the diluted '73 high hopes were expressed for this vintage, but these were cheated by the rain that began in September and continued throughout the picking. So the wines turned out hard and ungenerous. Now, 14 years later, I opened five: Figeac, Vieux Ch. Certan, Clerc-Milon, Palmer and Magdelaine. The best was Figeac, with *something of its rather special* smokey aroma, a slightly "clothy" taste, but with enough fruit to make it quite enjoyable drinking. The Vieux Ch. Certan I had tasted several times previously and it had always proved very hard and tannic. Now it showed a brownish tinge and a dry, unyielding nose and flavour: an ungrateful wine.

The Palmer was much better, brownish but with the bouquet of fine claret, though the taste was thin: fairly drinkable, but short on the palate. The Clerc-Milon had more colour than the Figeac with which it was compared, but had very little bouquet and was rather dry, tannic and a bitter, thin flavour: too much unripe Cabernet. The Magdelaine had fair colour for the vintage, very little nose and some fruit initially on the palate, but then very dry: a wine of some class and certainly drinkable, but lacking charm. This year the St Emilions, with a large proportion of Merlot grapes did better than the Cabernet-Sauvignon-dominated Médocs.

1973. This was going to be another "vintage of the century" until rain and hail just before and during the vintage stopped play and diluted the crop. The wines lacked structure and substance. Now we tried the Latour and again the Palmer: a growth that I have long generally followed, and so had a few bottles of most years, good or indifferent. The Latour had the typical big colour of this growth and a fairly full Pauillac aroma. The flavour was rather clumsy and edgy, but had some character. The less-coloured Palmer had a light but classy claret nose and was light in flavour, but



much better than the '74: a fair glass of wine.

1972. The worst vintage of the decade, initially over-rated and over-priced. It was hardly imported into the UK at all, and even my first-growth team had shied off it. However, I had a few bottles of these, and I opened the Margaux and the Latour. In such a year the Latour would be expected to be the better bet, but the Margaux had a fair tint for its age and year, with a rather curious "gun-metal" bouquet, yet with a certain distinction. The Latour had a fuller nose, with a suggestion of a Pauillac, but the taste was thin and acid, whereas the Margaux nevertheless had more balance, and was rather more drinkable – but not much.

1969. Following the disastrous 1968, and after a good summer, the quality – and the prices – were talked up in Bordeaux, hut the heavens opened during the picking, the wines lacked colour and substance and never ripened: hard, ungrateful wines. I now sampled Lascombes and Gruaud-Larose. In advance, I thought the latter would have more to it, but although it had more colour than the Margaux, there was a hint of decay on the nose, whereas the Lascombes had a not unattractive lead-pencil aroma and was less astringent and more drinkable than the Gruaud-Larose. Perhaps the latter was a less than average quality bottle that had been given me years ago.

1968. There were few defenders of this vintage in Bordeaux, with the best to be said of it that it was better than the miserable '63 and '65. Cheval-Blanc actually failed to be allowed on its label its normal appellation of Grand Cru Classé, which its rival, Figeac, secured. The best wine for me, bought at £2.12 a bottle, was the light but well-balanced Haut-Brion, long since drunk up. Now I had left only single bottles of Latour and Cissac.

The former had remarkable colour for a 20-year-old wine of a bad vintage, but it hardly had any bouquet at all, though this developed slightly in the glass. On the palate it initially had a certain amount of fruit, but acid showed towards the end of the taste. Nevertheless surprisingly good for the year. Cissac is normally a very well-made but often somewhat tannic wine. This looked very brown, had a not very agreeable metallic nose, with distinct acidity and some rot: undrinkable.

The results of these tastings, all from decanted bottles and drunk with food, showed that on the whole off-vintages do not become on-vintages and that they do not markedly improve with age. Yet there were drinkable bottles in such unfashionable years as '73 and '77. I *did* not include any '80s, for though spurned at the start they did show much better later and were bought up at low prices.

The more recent vintages on which queries now rest are '84 and '87. The former need a *little more time*, but a range of cask samples of '87 Margaux wines tasted very recently showed that the finer and no doubt heavily selected growths look like making very acceptable soft claret drinking. It must also be borne in mind that wine-making techniques have greatly improved in the Gironde in recent years and at the châteaux they will say with confidence that there will be no more years as had as the three in the Sixties. *On verra!*

Lucia van der Post is footloose and fancy free in her search for shoes, Shaker-style storage boxes and Easter cakes and chocolate goodies

Cobblers to the great and good

IT'S NOT so long ago that buying British shoes was a pretty depressing business. The average High Street retailer, frankly, did a lousy job, offering poor service, uninspiring designs and dreadful quality.

Anybody who wanted their feet to be clad with a little more pizzazz had to head for the few specialist shops which dealt in high fashion shoes at high fashion prices. But that's all long gone. No longer does Manolo Blahnik, fashionable cobbler to the beau-monde, have it all his own way.

In little studios all over London there is now a whole band of designer-makers producing a range of witty and wonderful footwear.

Names like Emma Hope, Elizabeth Stuart-Smith, Christine Ahrens, Jimmy Choo and the like are beginning to make names for themselves and to be sought out by those who long for a little individuality and panache.

Many of these bright young designers are graduates of the of the Cordwainers College in London and though each seems to have developed a handwriting all their own they seem to have in common a care for the finished product, for detail and for quality.

Names to look out for are Emma Hope — I particularly like her evening pumps and slippers which have individuality without saying "look-at-me" too loudly — Elizabeth Stuart-Smith, Christine Ahrens, Jimmy Choo.

Any one of these designers will give you something special and if the day comes when you really need to wow them in the aisles, when you have, say a wedding or a grand reception to attend where your footwear really matters, then you could order something special and one, off, in the colour of your choice.

Nobody is suggesting that *designer footwear is for all day, every day* but there is no quicker, brighter way of uplifting a garment than by the right sort of quirky, individual shoe.

If you baulk at paying more than £100 for a pair of shoes it is worth remembering all those old stories of fashion editors who busted their first month's salary on a designer jacket which they then found gave them years and years of wear.

I have a pair of 10-year-old Yves St Laurent black suede evening shoes and there has never been a time when they haven't looked right when worn with the right outfit.

Though I don't suppose the mass market is going to be hugely influenced by this bright young band from the Cordwainers College we have reason to be grateful to them for showing that the British aren't only interested in mass-produced, cheap shoes, that when offered fresh, innovative designs they would not only like them but *pay* for them if they got the chance.

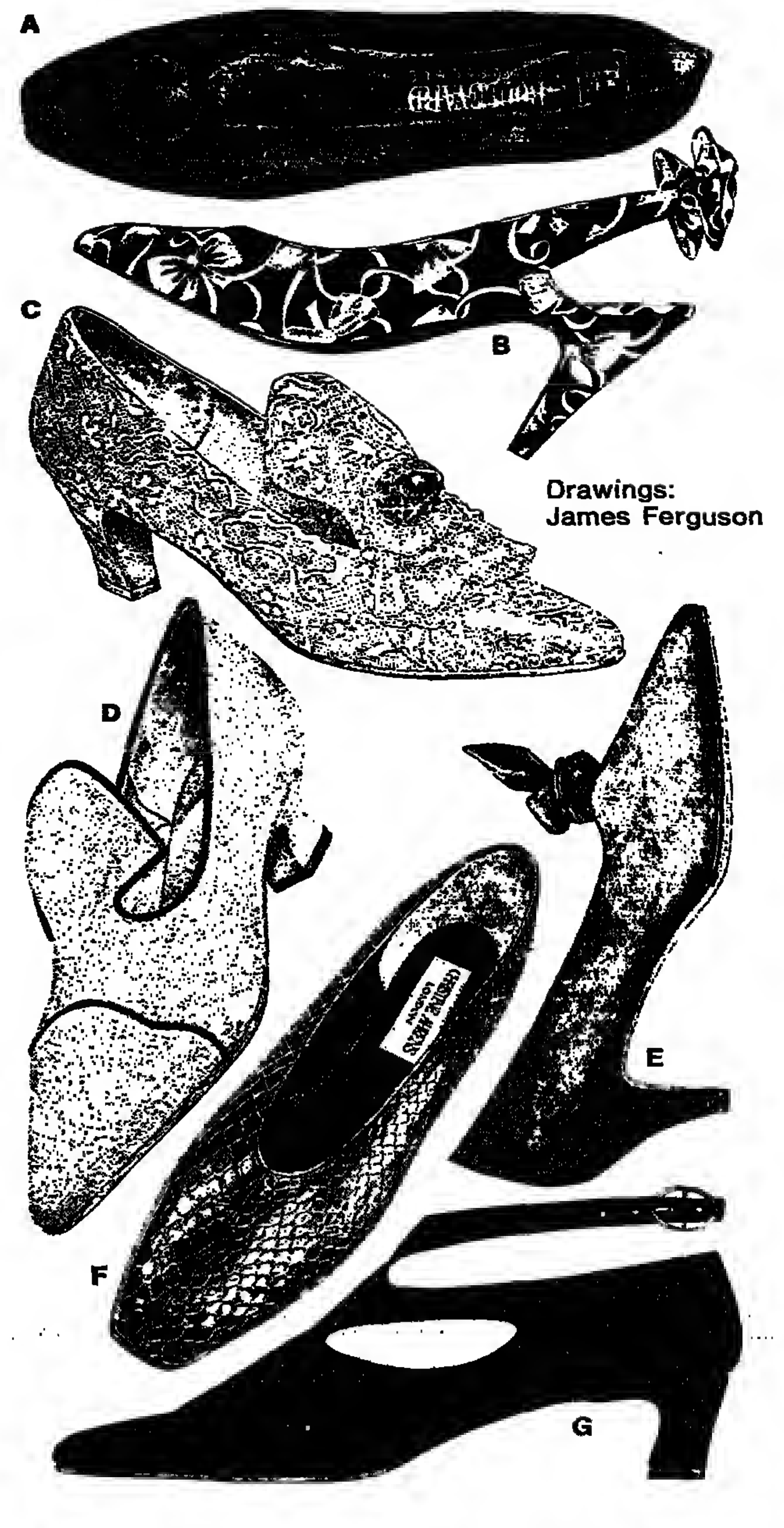
I don't think it is merely coincidence that almost all the big names and the mass retailers have in recent years improved their ranges enormously.

Rayne, for instance, a grand old British name, chiefly renowned for classic quality but not exactly a byword for excitement has revitalised its ranges enormously and this year, for instance, is selling shoes designed by Katharine Hamnett, Arabella Pollen, Jasper Conran, Caroline Charles and Nicole Fahri. And it's not mere token use of their names — the shoes are fresh, exciting and equal to anything that comes out of Italy.

SHOES EXTRA: The Crispins Cobbler, of 5 Chiltern Street, London W1M 1PF, is an address worth noting for those who have dearly-loved shoes which are beginning to *fall apart*.

It has two craftsmen in the shop who will do their best to restore and repair even the most tattered of heels and soles. They will restitch, replace trims and zips, alter or recover scuffed heels.

And shoes aren't all they'll repair — take them your old, your tired, your battered briefcases, crocodile handbags, suitcases and they will do their best. For those living out of London Crispins runs an excellent postal service as well.



Drawings: James Ferguson

A. Boulevard shoes come mainly from Spain and Italy where Noel Dempster, who runs it, works closely with the craftsmen who design and make, guiding them to produce the kind of shoes he thinks his customers want.

It's a good name for the fashionable young to look out for — prices are lower than for many other designer lines and yet the style is young, zappy and up to the minute. This flat suede pump comes in lots of colours and is just £45. For summer look out for little canvas pumps at just £10 a pair for lots of ethnic-style sandals to go with the coming exotic ethnic looks. Boulevard now has its own shop at 24a St. Christopher's Place, London W1 and the range can be bought at Gest Henri, 73 High Street, Bristol and Dragonfly, 45, St. Martins, Stamford, Lincs.

B. Flirty, silk sling back from Rayne, 15 Old Bond Street, London W1, Rayne in Harvey Nichols and in Jenners in Edinburgh and Frasers at Glasgow. Typical of some of the new jaunty styles for summer this saucy sling-back with the bow comes in several different spotted or floral silks but can also be ordered in your own fabric. £89.95.

C. Jimmy Choo comes from a long line of shoemakers in Malaysia and studied at Cordwainers before branching out on his own. This fine lace wedding pump can be made in any colour you care for — peach, black, white, cream or anything else — for £175. Find most of his range at No! Yes!, 38 Floral Street, London WC2 and Academy, 15 Newburgh Street, Soho, London W1 and Et-tu, 30 Chapel Market, London N.1. Otherwise contact Jimmy Choo himself on 01-249-2082.

D. Another shoe from Jimmy Choo, this time in pink suede trimmed with grosgrain, but it can be ordered in any colour. £120 from Jimmy Choo at Unit 50, The Metropolitan, Enfield Road, London N.1.

E. Emma Hope has long had the young fashionable set queuing up to buy her velvet slippers and other innovative designs. Now she has her own shop at 33 Amwell Street, *London EC1* but her designs can be bought at other places like Willys, 15 Lower North Street, Exeter or Damsel in Distress at Unit 6, Knights Arcade, Knightsbridge, London SW1. This marvellously cut shoe in navy, taupe or brown suede (or black or gold leather) has a loose knot that sits lightly on the instep. £105.

F. Christine Ahrens is one of the latest of the young graduates from Cordwainers to set up shop on her own at 11 Old Compton Street, London W1. She used to work with Elizabeth Stuart-Smith, mainly providing what might be called couture or one-off shoes for fashionable weddings and special events. All her shoes are hand-made and none is for retiring types — they are designed for those who specially want something *innovative, fresh and* different. This summer there's a fine line in snakeskin like this infinitely classy and wearable pump which comes in brown or black, £145.

G. Elizabeth Stuart-Smith first made her name making one-off shoes for weddings, *films and the like but she, too,* now has an established clientele and a shop of her own at 63 South Molton Street, London W1. This shoe, for reasons best known to its designer, is known as Cyclops and comes in black, green, brown cream or any other *colour suede. £112 from* Elizabeth Stuart smith herself or from Woolf, 21 Brewer Street, London W1, The Real McCoy, 21, The Fore St. Centre, Exeter and Changing Room, 8 High Street, Tunbridge Wells.

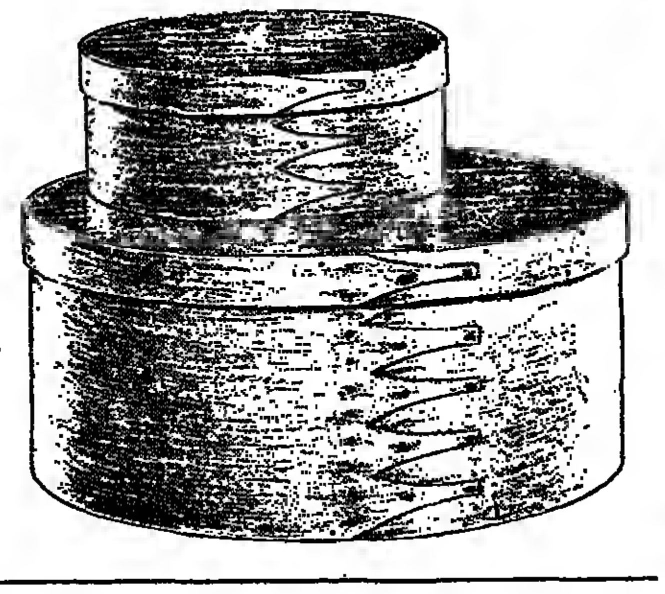
I HAVE long been a fan of Shaker furniture but the real thing is hard to come by these days, although the Conran shop has a few pieces of its own furniture which have been made or inspired by the spirit of the Shaker commitment to simplicity, quality and beauty.

However, the Shakers made not only large pieces of furniture but also a host of essential and functional household objects, including a large variety of oval boxes. I am indebted to a fine new paperback* on the Shakers, Shaker Design, by June Sprigg, for telling me that originally these were used to store dried herbs, powdered paint pigments, spices, thread, buttons, nails and many other household essentials.

Although the Shakers were not, apparently, the first to make such boxes, they were the first to use the distinctive pointed joints called "swallowtails" which are visible clearly here in our artist's drawing. These joints were not just because they look so fine — the space between the swallowtails, June Sprigg tells me, allows the joints to expand and contract with changes in humidity, so reducing the possibility of buckling.

Modern copies of storage boxes like these are now available from Oggetti, 100 Jermyn Street, London SW1, former mecca of the matt-black crowd, who are buying them as fast as they hit the shelves. Made in maple or cherry wood, they range in price from £13.70 to £44.30.

**Paperback version will be published by W.W. Norton on March 22, £15.95.*



Full of Easter promise

SOME OF the best chocolate ideas for Easter are to be found at Rococo — either at the original shop at 321 Kings Road, London SW3 or at the new branch at the Garden Centre, Alexandra Palace, London N22. All Rococo's Easter Eggs, chocolates and truffles contain a minimum of 52 per cent cocoa solids, 22 per cent cocoa butter and are guaranteed free from non-cocoa based vegetable fats.

Compare that with Cadbury's Bournville which is normally thought to be a good bitter chocolate and which contains only 34 per cent cocoa solids and 28.7 per cent non-specified fat. So, to begin with, the chocolate itself is wonderful but in addition Chantal Coady, who owns Rococo Chocolates, has some enchanting ideas on how to fashion chocolate.

There's a troop of six brooding hens for just £2.00, a decoy duck carrying eggs for £4.75, a crate of 12 tiny "quails" eggs for £3.75. If your taste runs to something plain and fine go for the house Easter eggs — mouthfuls of plain delicious chocolate. From £13 for a boxed 1lb egg.

If you are one of the few who don't like or can't eat chocolate what about a wonderful fruit cake, laced with brandy and hand-iced with any message you care to think of? Panzer's of 13-19 Circus Road, St John's Wood NW8, has a line in jokey messages which may or may not be to your taste but it is willing to decorate with (almost) any motif or message. For Easter you could go for a classic image like bunnies or chickens or else one of its chosen messages. Miniature individual cakes are £3.90 — and very sweet they look, too — while for £1 more (i.e.just £4.90) you can organise to send by mail a miniature personalised cake.

If you are far from specialist shops you can telephone Whittard of Chelsea (01-924-1888) with a plastic card at the ready and ask for any of its treats to be sent anywhere in the UK — hand-made English chocolates, fruit tea, praline filled chocolate eggs, moulded chocolate hares and bunnies, hedgehogs and bears.

If calories are off the menn head for Frog Hollow, 15 Victoria Grove, London W8. There the Robo Rooster is selling like hot cakes — it sounds like a perfectly frightful way of being woken in the morning but apparently many customers like it. Robo Rooster wakes you whenever you require — to the sound of barnyard crowing enough to wake the dead — for £13.95. Frog Hollow will also make up Easter baskets of any sort — fill them with chocolate for the skinny or sweet-toothed, with other presents for the non-chocolate eaters.

More non-fattening alternatives at Liberty of Regent Street, London W1 where they have a line in *papier mâché* eggs, geese and bunnies from £3.95 or, for collectors of Halcyon Days enamelled eggs, don't forget this Easter's offering — an egg enamelled with a series of stained glass windows from which peep woodland animals. £56 from Halcyon Days, 14, Brook Street, London W1 and Harrods.

If you're sweet-toothed but for some reason or another can't eat chocolate it is worth looking in health food departments for chocolate and sweets made without dairy products — Harrods health Food department, for instance, has bunnies made from yoghurt and carob (£3.15) and carob Easter eggs.

Food for Thought

Yum — Kentish taramasalata

IN THE early days of our marriage my wife and I got into the habit — particularly in the spring — of driving away for the weekend. To a country pub, perhaps. Devizes it might be, or somewhere on the Test, or Devon. Then, one day in 1970 or thereabouts, there was a *change.* I *noticed that* the cross-channel Newhaven-Dieppe fare was £4. So we switched from a pub *in Hampshire to Dieppe or* Rouen.

Then, as now, the Newhaven-Dieppe route had two towering advantages: Dieppe has always been much the nicest of the Channel ports and the ferry service to it is run entirely hy the French.

After that Hampshire pubs took a back seat and I took some pride in the fact that I had not been in England on *Easter Sunday since* the Sixties. And I haven't been down to Kent since before the Second World War.

When I was a child we lived in south east London and when my father bought our Austin 10 in 1937 it was to Kent that we directed ourselves. Now it is 1989 and Kent (some of it) is breathing a sigh of relief that the Channel tunnel link doesn't look as ruinous as was expected. I thought in my innocent metropolitan way that the county was probably already spoiled anyway, all light industry, dormitory estates and vegetable entrepots.

Not at all. I have been to Kent for the weekend, Good Pub Guide in hand. Not only very pretty, but I have to say you can eat well too. Pub food is pub food, but pub food in London means immensely filling dishes of shepherd's pie and moussaka with chips, baked beans and jacket potatoes. Any place with any pretensions beyond this calls itself a brasseria or a wine-bar and is straight into restaurant prices.

In Kent, after you have visited the *salon de degustation* at Lamberhurst vineyards and toyed with the Muller-Thurgau and the Huxelrebe, you can visit the Brown Trout, which is, with no pretension at all, a pub, where you get half a dozen oysters and a dressed crab and wash them down with *Guinness for* about a tenner. They go to Billingsgate three times a week, God bless them.

I stayed at a place called the Star and Eagle in Goudhurst. It seems to be in everybody's guide and is by no means cheap but has everything you could ask for in the way of blackened and casement windows, and looms over the churchyard in a picturesque village.

It expresses itself not only in the accent of the man who takes your order, but in the rare (and rather dear) luxury of a home-made *terrine de foie gras. What's this? A pub which* makes its own *terrine foie gras?* What is Kent for if not to provide this kind of thing?

These days I am always rather proud of Dover; after the grubby concrete proliferations of Boulogne or, worse, Calais there is Dover, laid out *at the bottom of* the white cliffs: sober, handsomely Georgian, calmly maritime in a very British way.

Perhaps next time, instead of hammering on to London, I shall cruise off to Ashford and break the journey in Kent while the TGV goes howling on to King's Cross. I shall eat *foie gras* or oysters in a pub, washed down with Goacher's bitter or Biddenden cider and feel glad to be home.

I haven't mentioned *the* most extraordinary pub because I think for once that an influx of FT readers would do it very little good. Off the road, unsmartened worm-eaten Tudor joints, lots of little rooms, very dark and unregenerate with the beer in barrels behind the bar and everything centuries old. Massive, unsmiling landlord. No jukebox. And heavenly food.

Taramasalata made at home and tasting of olive oil. Carbonnade of beef which would not have disgraced Alistair Little or the Tante Claire: all this with the feeling that Doctor Johnson or Tony Lumpkin might come in at any moment.

So unaware are they of the 20th century thet they take a cheque without the bit of plastic that goes with it. This food eaten in the bar was really the best cooking we had and certainly the cheapest. But thinking about prices really isn't the point about a Kentish weekend.

On my last little escape to Dieppe three months ago I had a very pretty room with view *sur la mer* for rather less than half what I paid at that pub. And of the food, let me make one small point. Kent now *offers a feast of local drinks* — beer, wine, cider all made just down the road. But as I have said, the best cooking I had was taramasalata and a beef carbonnade. Are there no local Kentish dishes to go with the local beverages? Pride prevents Dieppe from offering taramasalata.

Peter Lewis

ARTS

Bedecked with Pre-Raphaelite gems

Susan Moore reviews a new book and an exhibition at Watski's on artists' jewellery

"It is no use employing these men of confirmed bad habits," the great Goth A.W.N. Pugin complained to Hardman & Co, the church furnishers who were making the medievalising marriage jewellery he had designed in 1848. "We must begin with a lad of uncorrupted person."

Pugin, who designed furniture, silver, ceramics and wallpaper as well as metalwork, was not alone in deploring the state of contemporary craftsmanship or industrial design. As the century progressed a growing number of architects, painters and sculptors throughout Europe turned their attention to the applied arts. in this crafts revival, no field attracted more talent than metalwork and jewellery.

For the first time, the rare fruits of this collaboration between artist and jeweller – and the works of the more innovative craftsmen whose status now rose to that of artist – have beeu gathered np and preserved in print. *Artists' Jewellery: Pre-Raphaelite to Arts and Crafts* (Antique Collectors' Club, £29.95) by Charlotte Gere and Geoffrey Munn, the latter a director of the jewellers Wartski, is a generously illustrated and well-researched account of this little documented episode of jewellery history. Some 277 of the jewels, designs, prints, watercolours and oils featured, drawn from public and private collections, are on show at Wartski, 14 Grafton Street, W1, until March 21.

The book and exhibition comprise less artists' jewellery than art jewellery – pieces made by the firms patronised and, at times, influenced by artists. Burne-Jones, Holman Hunt, Poynter, Ricketts and William Morris took their designs and purses to the Revivalist jeweller Giuliano; William Burges went to Robert Phillips to make his heavy pendants inspired by Holbein's portraits.

The role of jewellery in Victorian and Edwardian art is a fascinating sub-plot of the story. Rossetti bedecked his gallery of Stunners with the sumptuous Venetian textiles, exotic jewels and hair ornaments, orieutal rock crystal pendants and ropes of rich coral which he collected, creating iconic images of his ideal, sensual female beauty. Poynter, too, saw no need to invent jewellery in paint when he could use the real thing.

One of the most curious exhibits is the necklace which appears in his watercolour of *Helen of Troy* (illustrated here). Heinrich Schliemann claimed to have discovered Helen's jewellery in 1873, but the artist didn't think it heroic enough and designed his own. It was made up by Giuliano in near valueless silver gilt and hardstone beads. The large Gothic silver brooch set with a cairngorm appears in Sargent's portrait of Ellen Terry as Lady Macbeth.

Occasionally, the artist was his own craftsman. The fantastical, sculptural wirework presidential chains and pendants wrought hy the sculptor Alfred Gilbert are quite unlike anything else produced by his peers. Gilbert, like the Pre-Raphaelites and the French Art Nouveau jewellers, leaveued precious metals and gems with materials of little intrinsic value but great natural beauty. One of the most lavish objects on show is an enamelled gold, winged tiara designed and made by Henry Wilson in 1909, set with rock crystals, moonstoues, pearls, sapphires and rubies. The owner was so embarrased by the nodity of the central figure of Orpheus that she asked Wilson for a detachable loincloth – a more intricate alternative to the giant fig leaf *attached to the the cast of Michelangelo's David* before royal visits to the V&A.

By far the grandest parure or suite of jewellery here is also the grandest made for a non-royal in the 19th century. Its seven pieces, from diadem to stomacher, were commissioned in 1856 by the Duke of Devonshire for the wife of his nephew to wear when representing the Queen at the Coronation of Tsar Alexander II. The princely enamelled gold, near tartan ornaments made by C.F. Hancock carried no less than 320 diamonds and 88 historic cameos and intaglios from the Devonshire collection. They proved one of the most widely imitated jewels of the century, establishing a taste for Tudor-style jewellery. Less grand, but lovelier, is the Indian style pearl necklace and pendant set with diamonds taken at the Battle of Seringapatam, made hy Giuliano for Poynter's sister Clara Bell.

Most poignant of all are the jewels *made for the Pre-Raphaelite* circle. These small, intimate trinkets are loaded with oblique, symbolical references to furtive passions, and unrequited or unfulfilled love. Central to them are the series of Whitelands crosses entwined with hawthorn – *a symbol of rebirth* – which were commissioned each year by John Ruskin for the May Queen of Whitelands College – a covert memorial to the youthful Rose La Touche who was worn down by Ruskin's advances and finally faded away in May 1875, and whose death drove him temporarily insane. Ruskin made no effort to hide his dismay when these May Queens, annual reincarnations of Rose, failed to live up to expectations. The 1883 cross designed by Burne-Jones, which awakened his interest in jewellery design, has not been since its presentation.

Art jewellery is invariably bold and essentially historicist – interpretations of the Etruscan, Byzantine, Renaissance or medieval past. That it enjoyed even a moderate vogue is due in great part to the adoption of the liberating Artistic or Aesthetic dress so heartily lampooned in George du Maurier's Punch cartoons. Without the Souls' penchant for draping themselves in diaphanous, vaguely Classical swathes of Indian muslin or Chinese silk – or the likes of Burges and Lord Bute dressing up in medieval garb – no doubt much of this extraordinary jewellery would *never have been confected.*

Poynter's Helen of Troy wearing a necklace to his design

Saleroom

Heart of Islam

THE ATTITUDE of the followers of the Prophet Mohammed to art has always been *a disappointment to the* western salerooms. Until the oil price boom virtually all the collecting of Islamic artifacts had been by Europeans and Americans. The locals just could not afford to buy them.

When the Arabs got rich they either bought the most flashy ornaments of the west, such as 18th century French furniture and 19th century English silver, or large diamond stones. Those interested in their own heritage tended to go for paintings sentimentalising desert life, in particular the work of French artists of the late 19th century, or, most bizarrely, in the case of the Iranians portraits of the rulers of Persia *in the early 19th century*, so called Qajar paintings, which rose rapidly in price from around £1,000 to over £100,000 in a wild spending spree in the 1970s, with the Shah's family, keen to acquire royal but quite unrelated ancestors, active buyers.

There were some discriminating collectors of Middle Eastern artifacts – of rugs and carpets, Islamic glass and tiles, and manuscripts, but they were few and selective. The Gulf States in particular built museums to house national treasures, but in the main the very rich Arabs invested more heavily at casinos that at Christie's. When Sotheby's held an auction of mainly Islamic art in Dubai in 1985 it proved a dreadful disaster.

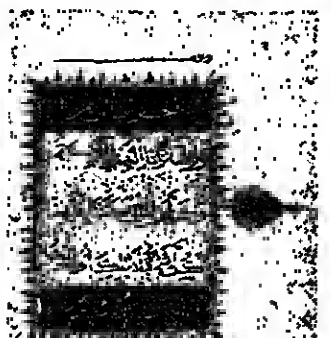
In the last few years demand for Islamic art has started to recover. The carpet trade may still be unsettled hy events in Iran, and owners of Qajar paintings are looking at one of the worst investments since the South Sea Bubble, but the more intrinsically and artistically precious treasures of the Middle East can command high prices again.

Rather surprisingly the heart of Islam, the Qur'an, the word of God vouchsafed to the prophet Mohammed, has never been the object of the passion which Christians have lavished on the Bible, at least in the *auction rooms*. A copy of the Gntenberg Bihle, printed around 1455 can be expected to top well over £2m, bnt although all the actions of Moslems are determined by the verses of the Qur'an only recently *has it been much* collected.

Of course many of the finest Qur'ans are safely confined in the holy shrines in the Islamic World or in museums in the Middle East, India, and the West, but there are still great lost manuscripts appearing on the market. Last October at Sotheby's one Qur'an leaf, with just seven lines of text, sold to a Middle Eastern collector for £159,500, an auction record.

But this was in every way exceptional. The leaf came from the largest Qur'an ever known, as big as a door and measuring 184 cm by 115 cm, and it was written around 1420 in Herat in Iran hy Prince Baysunghur, the grandson of Tamerlane the Great. This famous manuscript was looted from the tomb of Tamerlane in the 18th century and although the odd fragment of a page appears the offer of a complete leaf was a significant event.

The price was over double the forecast and suggested that there are now buyers who specialise in Qu'rans. In the past most collectors of Islamic art might invest in one good Qur'an as part of a wide spread of objects. Now there is Dr Kannoo, who has established the House of the Qur'an in Bahrain, and David Khalili, a dealer and collector based in London, and such institutions as the King Faisal Centre in Saudi Arabia, all interested in building np comprehensive groups of Qur'ans.



Leaf from a 30-part Qur'an, probably Tabriz

Their task has been made much easier by the publication this month of the first authoritative book on what is regarded as the finest age of the Qur'an, those produced in Egypt and Syria during the dominance of the Mamluks from the mid 13th to the end of the 14th century, manuscripts on paper, resplendent in both their calligraphy and their illumination. *Qu'rans of the Mamluks* is writteu hy Dr David James, curator of Islamic manuscripts at the Chester Beatty Library in Dublin, and sponsored by Mobil Oil, which makes a practice of under writing *cultural activities in the* Middle East.

Most of the great Qur'ans of this period are safely in museums – the British Library has one outstanding copy – but there are probably still examples lying disregarded, especially in Indian palaces, Iranian mosques and Turkish libraries. The awakening of Islamic Fundamentalism, first in Iran and now spreading throughout the Middle East, has added a religious motif to the artistic appeal of the Qur'an, and fine quality examples are suddenly emerging on to the market.

London is the centre of the trade and at Sotheby's on April 10th three particularly important examples are up for sale. One, a magnificent Safavid Qur'an, produced around 1560 in Iran, is reckoned by Sotheby's expert Nabil Saidi to be the most lavishly produced Qur'an to be offered at auction. With the script alternating between blue and gold a price of up to £120,000 is envisaged, but it could fetch much more.

An earlier Qur'an, produced in Anatolia for a rich Seljuk Turk in the 13th century, could make £30,000, while an Ottoman Qur'an of the early 16th century, which has been attributed to the famous calligrapher Qara Hisari and which is so rich in colour and design that it resembles an oriental carpet, carries a £25,000 top estimate. Compared with the price of a good Book of Hours written at roughly the same period, these are modest sums. For all the Qur'an's power to cause political earthquakes it seems curiously under-valued in commercial terms.

Antony Thorncroft

Records

A rake in love with love

BIZET'S one-acter came towards the premature end of his woefully short composing career, *just before L'Arlésienne* and *Carmen*. Louis Gallet's libretto, based on *Namouna*, a poem by Musset, is a slender anecdote about Haroun, a bored, self-indulgent rake "in love with love," who changes his favourite slave every month, relying on his confidential servant Splendiano to find a quick replacement from the local market. Djamileh, the current favourite, deeply in love with her unworthy master, persuades Splendiano to smuggle her in, disguised, with the next batch of hopefuls. Haroun is enchanted by her all over again and, in a brusque and inconvincing dénouement promptly agrees to take her back.

Bizet's music is quite able to support the flimsy story, even the improbable ending. With the score as well done as it is in this belated first recording, the dramatic weakness matters little even though one dialogue scene seems to have dropped out. Winton Dean described *Djamileh* as "not far short of a masterpiece." That was not the general view at the time of the first production (Paris, Opéra-Comique 1872), when the work survived for only ten performances before vanishing from the repertory for over 60 years. There are enough curious melodic twists and harmonic spices to disconcert the conventional (Saint-Saëns, to the point as usual, considered that giving *Djamileh* at the Opéra-Comique was casting pearls before swine). but they are among the factors that enchant us now – along with the melting chromatic harmonies, delicately orchestrated orientalisms and a surprising amount of deep feeling.

With the Munich Radio Orchestra, playing most appreciatively under Lamberto Gardelli, and the Chorus doing justice to the uncommonly attractive and varied choral episodes, the recording is highly enjoyable. The title-role is sung by the versatile Lucia Popp – not her first venture into French mezzo roles: she has also recorded Massenet's *La Navarraise*. The voice is a little mature for the role but, for example in the "ghazel" ballad, one of Bizet's most delicious inventions, she cossets the lissom vocal line with disarming skill. A pity some verbal slips have not been corrected. Franco Bonisolli's ardent Haroun sounds at times uncommonly like Gedda, but his French is imperfect. Splendiano is the reliable baritone Jean-Philippe Lafont; the voice sounds a little worn but he strikes form in time for his solo. Trilingual libretto, at *times differing from what is* sung.

At last Josephine Barstow, one of the most exciting and individual dramatic sopranos of the day, has made a solo recital record. Why the long delay? This artist is rightly admired as an actress of unusual power. Her intensity and striking presence can be felt in her recorded singing. As before – but less now because one realises that no harm is done to the vocal organs – one's throat tightens with sympathy at a suggestion of uncomfortable methods of production only to relax when the singer moves effortlessly into liquid tone of sustained golden quality. Technical hurdles such as floated-high notes are taken with unshowy assurance in the singer's stride.

Two arias each from *Macbeth* and *Aida*, one each from *La forza del destino*, *Otello* and *Don Carlos* show Barstow as an impressive Verdian. On the strength of the famous scene from the last act of *Otello*, we must promptly hear her Desdemona. Only the opening aria, "Pace, pace" from *La forza del destino*, and the last, "La luce langue" from *Macbeth*, are slightly disappointing, the first because the voice takes some time to settle, the last because the low notes, skilfully as Barstow colours the tone, do not have quite the necessary weight. Words, though much improved, are a still weakish point in this singer's armoury, but there is never the slightest *suspicion* that their meaning has not been understood. There is an interesting suggestion of feminine vulnerability in her Lady Macbeth and of shy humility behind the lonely courage of Aida. The orchestral accompaniments are strong.

Since her American début in 1982 the soprano Susan Dunn has already reached La Scala, (*Aida*, 1986) and has sung other major Verdi roles in Italy, Australia and the US: a bold beginning for a young singer, but Miss Dunn, as this first recital recording makes clear, has the necessary firm, full voice, attack and broad phrasing. She sings nine numbers by Beethoven, Wagner and Verdi, generously provided with recitatives and orchestral introductions sonorously played by the Bologna Teatro Comunale orchestra under Riccardo Chailly.

After an assured account of that majestic warmer-up, Beethoven's "Ah! perfido," there follow an ebullient "Dich, teure Halle" from *Tannhäuser* – and two excerpts from the first act of *Die Walküre* – revealing a Sieglinde full of youthful vitality if a little lacking in wonderment and mystery. The sad reflectiveness of Elena's "Arrigo! ah parli" from *I vespri siciliani* is beautifully captured. Miss Dunn is unharmed by "Pace, pace" from *La forza* and sails with ease through "Tacea la notte" from *Il trovatore*. We shall surely hear her soon in the opera house.

Rosa Ponselle, an American of Italian extraction, had one of the most purely sumptuous voices of the century. She combined a range of over three octaves with effortless technique, a faultless line, velvet tone with a predominant colour somewhere between plum-purple and Burgundy. She was a dramatic coloratura soprano with a strong lower extension. This collection of transfers (Cantabile label, distributors Harmonia Mundi UK) covers 35 years of recording – a long span. Unfortunately many of the transfers have been made from what sound like poor originals with varying amounts of hiss, swish and crackle. There are too many gaps – no *Norma*, no *Forza*, no *Gioconda* to say nothing of the unforgettable duets and trios Ponselle recorded with the likes of Martinelli, de Luca and Pinza. The presence of such a rarity as the scene from Romani's *Fedra* (written for her) is some consolation, while the *Carmen* excerpts are direct, punchy and rhythmically vital. Most of the second disc was made after Ponselle's early retirement in 1937, at the age of 40, at her home, often with her own homely piano accompaniment. Surfaces are better. There are all sorts of ballads and songs from musicals (the *South Pacific* number comes off well) done whole-heartedly with humour and without condescension but with a coast-to-coast rubato she would surely not have used in public. The great voice is reduced to domestic proportions without loss of colour or dramatic impact. The strength of the low notes in the three *Samson et Dalila* arias is amazing. English mumblers should note how Ponselle gives full value to words in the five languages employed here without any sacrifice of her fabulous legato.

Ronald Crichton

Bizet, Djamileh: Popp, Bonisolli, Lafont, Munich Radio Orchestra, Bavaria Radio Chorus, c. Gardelli. ORFEO, C 174 881 A, 1CD also LP and cassette.

Josephine Barstow: Verdi Arias, ENO Orchestra, c. Elder. TER CD VIR8307, 1 CD, also LP and cassette.

Susan Dunn: Verdi, Beethoven, Wagner. Orch. Teatro Comunale di Bologna, c. Chailly. DECCA 421 420-2, 1 CD.

Rosa Ponselle: "When I have sung my songs" 1922-1957. Biographies in Music. CANTABILE BIM-701-2, 2 CDs.

Radio

Murder as entertainment

THERE WAS copious well-informed coverage of the Budget on the BBC national networks, and I dare say, though I had no access to them, on the BBC and independent local channels; but those interested will already know all they need.

The same might almost be said of the Radio 4 coverage of the Cheltenham Festival – not the music, nor the literary, festival, but the spring meeting at the Racecourse. This was actually a repeat of last year's programme brought up to date, and very enjoyable it was. It did not only cover the races, it covered the great invasion of mostly Irish racegoers who take the town over for three or four days and, in their own way, behave in a friendly and profitable manner.

I was told by a taxi-driver on Tuesday (producer Gaynor Shutte might like the story for next year) that an Irish visitor asked him to drive round the town until he could recognise his hotel, whose name and location he had forgotten. After half-an-hour's cruise, he just turned to the driver and said, "How much is it to bloody London, then? I can come back tomorrow." Sunday's radio programme was full of fun and good-humour.

Murder as entertainment is as old as entertainment itself. "When the bad bleeds, then is the tragedy good," says Vendice in *The Revenger's Tragedy*, but we are more sophisticated now. We do not mind who it is that bleeds. Often enough we do not see the killing. Our entertainment is to work out for ourselves how it was done.

Radio 4 is embarking on a series of five programmes, *A Year of Dying Dangerously*, in which homicide is shown in a totally non-entertaining light. The title refers to the year 1986, the most recent year in which most of the reported homicide cases (there were 687 reported, excluding terrorist work) have been conclusively investigated. The programmes, presented by Hugh Prysor-Jones, are to deal consecutively with the victim, the circumstances, the killer, the investigation and the trial.

The first programme, on Wednesday, *began with today's* variation of Vendice's judgment. We heard comparatively little about the victims, but were given close-ups of their families; and of course the truth is that it is not the victim who suffers so much as the survivors. These victims were a girl murdered in her bed by an unknown, and a youth knifed in a pointless pub-fight. The effect on their families was in both cases disastrous. (There are two groups that offer help and consolation, "Families of Murdered Children" and "Victim.")

You may say that these two cases do not throw much light on homicide in general. How about this, then: male victims in 1986 outnumbered females by a hundred, there were only 39 children. There has been a steep increase in male victims aged between 18 and 30. London recorded most homicides, followed by Strathclyde, then Manchester. Murder takes place comparatively rarely on Monday, Tuesday or Wednesday. *There were 5,300 deaths* on the roads that year.

View to a Death, Wednesday's afternoon play, was not concerned with that topic, except that I have to record that if Hugh Jenkins, once Minister for the Arts, goes on writing his autobiography in the shape of afternoon plays he is in danger of boring us to death. In this instalment he quits his job with the Union of Bank Employees and joins Equity. Not as an actor (though he was mad about actors, he said); not as General Secretary, but as Associate Assistant Secretary, later promoted to Assistant Secretary.

His account of this *achievement* calls on characters called Felix Aylmer, Sybil Thorndyke, Lewis Casson, Leslie Banks and Emlyn Williams, played unrepresentatively by decent BBC actors, but there is little characterisation in their parts. *If this is* what Equity was really like, Mr Jenkins must have been glad to get away from it and become an MP, an accessible Minister for the Arts, and a peer. Three more plays there at least, no doubt.

B.A. Young

Bleak news from the battlements

***Michael Coveney** reviews the National Theatre's new production of Hamlet*

IT IS absolutely right that Richard Eyre should place *Hamlet* at the heart of the National Theatre's repertoire within a few months of taking over as artistic director. And on the vast Olivier stage, too. The event might have set the style for a new company and told us how we lived by the light of the play today. As John Gielgud said, we need to see *Hamlet* every five years, and each new generation must reclaim it.

Using a full text, and running at three and three-quarter hours, the occasion does not live up to the promise. A bland neutrality settles over the evening early on and never lifts. The show lacks fire and urgency and, in Daniel Day-Lewis, has a Hamlet of well-spoken, archaic inflection (the play is *cawing* to the general, the old mole is a worthy *pioner*, he might his *quietus* make) that is as disappointing as it is unexpected after the same actor's electrifying stage Mayakovsky, let alone his compelling film performances.

Day-Lewis has a Bensonian profile and the gaunt sunken-eyed demeanour of Forbes Robertson. One thinks of those names because of the stilted nobility evinced at all points, a ponderously saturnine exterior only threatened by some inexplicable out-breaks of twitching neurosis. After suggesting he might die in order to sleep, a new parsing, the crab-like scuttle that started with bad news on the battlements becomes a shake, rattle and roll, as he recommends the monastic life to Ophelia.

But this does not amount to a statement of personality, or even of internal sea-change. Day-Lewis's Hamlet is more repressed than depressed. What he lacks is fever, impulsiveness, immaturity. In the closet, he will kiss Judi Dench's Gertrude full and lingeringly on the mouth. The moment is strong and shocking, but it relates to nothing else in the interpretation. This Hamlet remains a closed book and teeters dangerously on the edge of becoming a bore and a dullard.

Having just returned from Prague where I saw one of Czechoslovakia's greatest actors, Ivan Vyskočil, declare in his deconstruction of the play that Shakespeare never tells us what the play means, but that we know anyway, it is with a jolt you realise that Richard Eyre and his designer, John Gunter, are actually engaged in recreating a picturesque vision of the play instead of grappling it to our own times, testing it against the climate of a country.

By this I do not mean putting it in modern dress. David Warner's Hamlet, the first I ever saw, in the early 1960s, projected both the role and an idea of contemporary existence. Mr Eyre's last Hamlet, Jonathan Pryce at the Royal Court, conveyed a rabid sense of tumultuous disaffection with the present and possession by the past (the ghost had entered his own vitals, like a dybbuk.)

In Central and Eastern Europe, the play is always much more political than here. Lyubimov at the Taganka had a whispering wall of doors and espionage, Ristić in Belgrade after the death of Tito prophetically renewed the play as a tragedy of the succession. In Prague, a new translation commissioned by the National Theatre, lies unperformed. It is too subversive, too dangerous. Vyskočil feeds gobbets to small audiences in cellars. (Denmark has never been anything except rotten; it's a small country) he says to violent applause. Vyskočil, now 60, a founder of the Theatre on the Balustrade, has been exiled by the official theatre community since 1968.

At our own National Theatre, *Hamlet* becomes something for sponsors to sit through in between receptions. A great *clan* of dinner-suited guests of Ladbroke Group PLC would not have had their digestive systems greatly perturbed by the Olivier spectacle.

John Gunter's design is dominated by a grey, stone, Commendatore-like statue of the old king, and his careful recreations of lance-infested battle scenes are inset in a grim corridor that extends the Denys Lasdun concrete nightmare into the very heart of Elsinore. This is the cold, windswept Northern Europe of Cranach the Elder and Dürer, with Switzer guards who resemble beefeaters at the Vatican (costumes by Liz da Costa) and fur-clad ambassadors in Davy Crockett headgear (how nice to meet Voltimand and Cornelius) who travel with news of treaties and military rites of passage.

This remote pictorial sense of Renaissance Europe on the move is the production's best quality. Fortinbras (given in a delightful Irish gargle by Fintan McKeown) is snapped in a grey frieze of soldiers, flags and ghostly bracken. Everything is black and wet. Fortinbras is raised on the statue's plinth, as the dead Hamlet will be, too. The presentation is intelligent, cool, but far too objective to be moving. The play is un-reclaimed.

Judi Dench and Daniel Day-Lewis — Alastair Muir

The company is curiously thrown together, and no expense spared. I counted three dozen mummers at the final curtain. David Bamber is an intense, scholarly Horatio, the sort of chap well qualified to speak with ghosts. Stella Gonet, a marvellous actress, is an over-age, loudly ineffective Ophelia. Peter Lindford, last year's Hammersmith Mephistopheles, gives a good Hamlet blueprint as Laertes. David Burke doubles resonantly as a walking, talking, living ghost, and the gravedigger.

Best of all is Michael Bryant's truth-seeking, politically alert Polonius, rescued from the usual doddery funny turn. The most extraordinary moment all evening is when he appears to dry in the scene with Reynaldo. (What was I about to say?) John Castle is a robotic automaton of a Claudius, perhaps aiming for a take-over role in *Metropolis*, which leaves Judi Dench as Gertrude with nowhere to go all night. This is the greatest disappointment of all.

The play scene is done in the open air, by torchlight, Gertrude and Claudius huddled unerotically under a blanket. With Mr Gunter's unlovely Lasdunist walls looming darkly, you realise that "The Mousetrap" is in fact a South Bank Extra. It is a measure of the production's dutiful bleakness that, after Chinese theatre plink plonk effects and Oliver Ford Davies's familiar rhetorical booming as the Player King, Day-Lewis should feel obliged to lead the applause.

Werner Enders as King Bobeche in Felsenstein's production of Offenbach's Barbe-Bleue

Opera the other side of the Berlin Wall

What exactly constitutes a "modern, popular opera house"? The phrase has suddenly become a fashionable term of reference in the debate over the Opera Bastille, without anyone so far *being* able to come up with a satisfactory definition. Devotees of the Komische Oper, which is to make its first visit to London this summer, would argue that the company founded by Walter Felsenstein amid the ruins of post-war Berlin satisfies all the necessary criteria.

The repertory is founded on the best-known works, but is by no means confined to them; it is constantly being developed and re-interpreted, and it is performed in the language the audience understands. There are no stars. Seat prices are very cheap, even by East Berlin standards. The house draws young and old, is full every night and has an international reputation – and, of course, the auditorium itself possesses a uniquely attractive blend of elegance and simplicity, spaciousness and intimacy.

All these factors prove more than adequate compensation for the ice-cold security checks at the Wall, which the Western visitor has to endure on the way to and from an evening's opera in East Berlin. Going to the Komische Oper remains one of the world's most unusual operatic experiences – so it will be worth watching how successfully the company's style translates to a theatre like Covent Garden.

The two-week residency in *Floral Street in August* will encompass ten German-language performances of *The Bartered Bride*, Gluck's *Orpheus*, and Offenbach's *Barbe-Bleue*. The latter is the only remaining Felsenstein production in the company's repertory; it has been performed well over 300 times since the première in 1963, and several members of the original cast – including Werner Enders as King Bobeche – are still singing the same roles today.

It is just one example of the continuity of style and personnel that the company has maintained since the Felsenstein era.

Harry Kupfer, who arrived as chief producer in 1981, has upheld the tradition of tight-knit ensemble opera, but he is not omnipresent as Felsenstein used to be, and the rehearsal period today is of a more conventional duration. There has been a near-complete renewal of the repertory, with Kupfer's flesh-and-blood approach now firmly stamped on all areas of the company's work.

The Komische Oper is still one of the most lively and individual opera companies in Europe, but it is no operatic utopia: no one who has enjoyed a representative sample of the company's work in recent seasons can fail to realise that it is just as prone to good and bad nights as any other hard-working repertory company.

That maxim certainly applies to the four-year-old Smetana production, one of several I saw on my latest visit. The performance was poorly sung, with a weak Kecal and an over-taxed, over-age tenor playing ths romantic lead. None of the comprimarios came up to size. The orchestra and chorus under Rolf Reuter were at odds with the poetry of the score.

Evsn if the production is brushed up and re-cast for London, the staging itself remains sterile and Teutonic: it features many of Kupfer's most infuriating traits, without the usual compensating human insights. He has ironed out all trace of sentiment: charm and humour were never really his suit. There is constant movement in the arias, most of it distracting and unnecessary, while the choreography of the chorus scenes is coarse and physical.

The circus is a non-starter. The decor and costumes (Reinhart Zimmermann/Elsouore Kleiber) provide a simple *framework, and there are* tantalising signs throughout of Kupfer's *theatrical flair*, teasing out the audience's natural inquisitiveness; but it is hard to believe he really likes the opera.

Neither Smetana's masterpiece nor the Komische Oper is well-represented by this production. So, why was *The Bartered Bride* chosen for London? It would make better sense to bring over Siegfried Matthus' opera *Judith* (premièred at the Komische Oper in 1985), or one of the operas in Kupfer's Mozart cycle.

The Matthus – which is being specially revived for a West German tour – would introduce to London audiences the work of East Germany's leading opera composer, with the exciting Eva-Maria Bundschuh in the title role. Alternatively, *Figaro* or *Entführung* would give a very different but no less authentic flavour of the company's work.

Figaro, in designs by Reinhard Heinrich, is an incisive company performance, strong on personalities and sexual politics, beautifully lit and stage-managed. The dominant figure is the Count, sung by Roger Smeets, whose magnetic stage presence undermines reservations about his underdeveloped voice.

The Komische Oper will make its first visit to London this summer

In *Entführung*, Marco Arturo Marelli's single arid set offers a variety of spacious perspectives, thanks to a resourceful use of the stage turntable. Kupfer tells the story simply and truthfully, with a minimum of knockabout comedy and a masterful pacing of the spoken dialogues. There is a consistency to the relationships that makes all the characters, especially the Pasha and Constanze, come across as real people.

Rolf Reuter is again the conductor – and notwithstanding the uninspired impression he apparently made in one of Covent Garden's own Mozart productions a few years ago, *Entführung* in East Berlin came over *as a beautifully scaled* performance, fine-textured, gracious of phrase and totally at the service of the singers.

The one outstanding talent on stage – and paradoxically the performance's main weakness – was the Constanze, Magda Nador. The voice is large, the timbre rich, and she combines feminine passion and vulnerability. It is in many respects a cracking performance. But she is still suffering from the problems of vocal technique that prevented her *singing in ths Schaaf* production st Saltzburg. She has great potential, but to realise it, she needs help.

Giustino also enjoyed ooe pivotal performance – that of the handsome young counter-tenor, Jochen Kowalski, in the title role. (He also sings Orpheus.) The company's use of a counter-tenor illustrates that the Komische Oper, unlike most other German houses, has not remained impervious to musical trends in baroque performance – an impression supported by the alert, cleanly articulated orchestral performance under Christoph-Albrecht von Kamptz.

There is an air of mock formality to Kupfer's production, which employs a series of emblematic drop-curtains, and features an amusing, well-simulated pair of cows. The audience was captivated. With the exception of Kowalski, who sings elegantly and with splendid personality, the cast offers a plain but honest response to Handel's vocal writing.

Taken as a whole, this kind of performance cannot fail to win a new public for Handelian opera. (Kupfer's updating of *Orpheus* to the present day, with the central couple apparently depicted as a teenage *liebespaar*, is reported to be much more contentious.)

What emerges from all these performances is an approach that places each of the component parts of opera on an equal footing. In *The Bartered Bride*, for example, all members of the chorus act with the individuality and vitality of soloists. In *Entführung*, the emphasis is on *verstandlichkeit* and communication with the audience. *Giustino* will not satisfy purists, but it does go some way to matching a modern opera-house orchestra to authentic performance practice.

The house is now closing for renovation of the stage machinery. Apart from a sizeable touring programme, the company will be confining its activities in the coming months to a series of performances of Offenbach's *Les Brigands* on a temporary stage. The theatre re-opens for normal performances with a new production of *Der Freischutz* at the end of September.

Andrew Clark

The Tempest in Prague

*British theatre company Cheek By Jowl has taken the city by storm. **Michael Coveney** reports*

THIS HAS been a big week for the British Council in Prague. Our own Cheek By Jowl company has scored a resounding success in the new wing of the Czechoslovak National Theatre. And the new mood of British glasnost has been reflected in the installation of a transparent new door in the Council's Jugmannova Street headquarters.

We have no secrets, this door seems to say. But the Czechs live with theirs. The dissident playwright, Václav Havel, has been sentenced to imprisonment for nine months after being clumsily arrested at the January laying on of flowers in memory of the self-immolating martyr of 1968, Jan Palach. He has started serving this sentence. An appeal, generally thought to be futile, will be heard next week. Three thousand people have signed a petition declaring Havel to be a decent man and a good writer.

When Trinculo and Stephano launched into the "Thought is free" catch in *The Tempest* you *suddenly realised that this play meant something very much more powerful in this part of the world in its discussion of the whimsical dispensation of civil liberty.

Director Declan Donnellan and designer Nick Ormerod were paid the ultimate compliment in the course of an interview I had on Wednesday with Jan Grossman, whose productions of Kafka's *The Trial* and Havel's *The Memorandum* are part of European theatre folklore. Newly reinstated in the official Prague theatre after 18 years in the wilderness, he told me that Cheek By Jowl's *Tempest* ignited for him memories of the great French classical innovative productions by Jean Vilar and Louis Jouvet.

I staggered back, amazed. You forget how potent these plays are, and Cheek By Jowl's *Tempest* is nothing if not adventurously imaginative. The company has been touring with Sophocles' *Philoctetes* and *The Tempest*. Two chaps on an island, both admired and feared, sucking others in. Both deeply political. Cheek are in Bratislava tonight, thence to Bucharsst, Istanbul and Ankara.

'You suddenly realise that this play meant something very much more powerful in this part of the world'

The British Council tends to promote a rather bland version of our culture abroad. Cheek By Jowl, cheap but interesting, nonetheless sort-of-political versions of the classics, were sellable fodder. With *The Tempest* the company has eclipsed these expectations

If Day-Lewis's Hamlet at the Nstional lacks candescent energy, Timothy Walker's Prospero makes amends. Confined to Prospero's Number One Cell, this make-up-toting emcee is both a doomed clown and a vigorous intervener. The expenditure of energy is fantastic, as Walker switches from relnctant host to patiently explanatory father, to Richard III as dous by Olivier, to masque-liks conqneror, to what Donnellan memorably described at a well-attended post-première conference as an abstract, violent frenzy.

On Monday night this *Tempest* played to a great ovation and some confusion in the British Council ranks. Was this the sort of Shakespeare we wished to export? Derek Jacobi in the *RSC's Much Ado had fitted the* bill admirably four or five years ago. This production was crude, lively, intelligent. Do we really want this sort of thing? The Duke of Alonso, courtesy of Anne White, became a Queen in Tory blue garden party dress, her courtiers a sycophantic cabinet superbly led by Trevor Baxter's hilariously deferential Gonzalo

The Stephano, Trinculo scenes were brilliantly related to music hall manners by Keith Bartlett and Stapben Jenn, the exposure of a Union Jacked-ass bottom bringing special delight to our new Ambassador in Prague, the incorrigibly Liverpudlian Irishman, Laurence O'Keeffe. Ariel was an interesting slow-mo amalgam of Valsutino and Nijinsky, the evening's highlight provided by the masque-like visions of the feast and wedding, satirical arioso melding with the sheer musical invention of Paddy Cunneen.

There is a new investment by the British Council in Eastern Europe, the result being cultural rather than commercial. As Cheek By Jowl move on to Bucharest, Istanbul and Ankara (where the tour ends on April 8) we can only reflect on the political application of a play like *The Tempest* and its local, but internationally resonant, significance.

CHESS No. 764

1 B-R6 (to stop P-KR4!), PxB; 2 K-B1 and 3 N-N1, or 2 ... R-QN4; 3 NxR. If 1 ... N-N5 (to meet 2 K-B1 by a knight check); 2 R-B4 ch! RxR; 3 N-K5.

SPORT

Women who all pull together

***Phillip Halliday** on the 'other' varsity boat race, which takes place at Henley tomorrow*

THE SWEATY girl in the steaming dark blue T-shirt chewing feverishly on a bar of chocolate assured me that in rowing, the pros outweighed the cons. Never mind the blisters, the fatigue, the oily black marks on the back of the legs, the wet, the cold and the hours of training . . . the satisfaction gained from the sport made it all worth while.

Thousands of women rowers in Britain feel the same way, and yet it is commonly assumed that British women are not very good at rowing. The assumption appears to be correct, because at the Seoul Olympics only one British women's crew managed to qualify for a final. It is also often assumed that it does not matter that women's rowing in this country is not very good. The value of this assumption probably depends on your view about women's sport in general; nevertheless, the two great showcases of rowing in Britain, Henley Royal Regatta and the Varsity Boat Race, are both closed to women.

Next Saturday the men's Boat Race between Oxford and Cambridge Universities will be watched on TV by millions throughout the world, with thousands of boisterous supporters on the towpath. The crews will arrive at Putney on a wave of publicity that starts before Christmas with the ho and hum of crew selection. In recent years there has been the added spice of crew mutinies, sulks and tantrums.

The whole show is pushed along by the much-needed sponsorship of Beefeater Gin, which is providing £330,000 over three years, split equally between the universities. This translates into more than half Oxford University Boat Club's (OUBC) annual budget, for example, and keeps the men well-equipped, pays coaches and directors, and helps meet travel and hotel costs.

Yet tomorrow at 2 pm the "other" varsity Boat Race takes place at Henley, of all places, when the best oarswomen from Oxford and Cambridge will race over 2,000 metres – a distance they will cover in about 7¼ minutes.

The crews and their unpaid coaches will arrive on the river largely unnoticed, and do not benefit from fat sponsorship deals – the Oxford women this year ran a budget of £5,000 with no financial help apart from small handouts such as milk from County Dairies. It is only recently that the women's boat clubs at the two universities could afford to buy boats: at Oxford the men have 28 boats, the women have five.

The odd TV camera crew and some sports journalists will attend tomorrow, but the publicity that the race gets varies from year to year and can be condescending. The towpath audience, a hardy bunch complete with Wellingtons and umbrellas, will be mostly adoring friends and relatives.

Yet these women have dedicated more than seven months to the sole ambition of beating the opposition at Henley. In return for the 30 hours a week that they spend training and racing in foul weather and spartan conditions, they get nothing more than the satisfaction of winning, as well as reaching the highest levels of the sport in this country. In the Women's Head Race on March 4, the biggest women's eights race in the UK, rowed over 4¼ miles on the Tideway in London, the Cambridge boat finished third, some 20 seconds ahead of Oxford in seventh place and beaten only by the two British national squad boats.

Oxford University women's first boat in training at Wallingford

During the months of training the rowers often put their academic careers in jeopardy and abandon their social lives. Constantly weary, they drop out of normal life to become professional athletes in all but monetary gain. True Olympians, or just plain stupid?

On the day that I joined the Oxford squad of 18 women for an outing at Wallingford on the Thames near Oxford, a cruel westerly wind whipped up waves that lapped over the sides of the boats. It was extremely cold with a hint of sleet. The women, some of them barefoot, waded knee-deep in water to launch the boats.

The Oxford squad has had a troubled run-up to the Boat Race: constant crew changes, as the reserve crew frequently beat the first boat in training, and the sacking and reinstatement of the head coach. Nevertheless, the mood in the crews this day was determined and cheerful.

In spite of some sickness in the squad, the rowers set about their work with tremendous aggression. As the outing, which lasted nearly two hours, progressed and the workload increased, layers of clothing were shed until, near the end, they sat in T-shirts, red-faced and panting, steam rising off their backs and sweat glistening on their faces, while we shivered in the accompanying launch.

With the boats back in the boathouse and chocolate bars in their hands, the women relaxed, although there was still the 30-minute drive back to Oxford in a cold and overcrowded minibus. The squad had met in Oxford at 2 pm; it was now approaching 5.30pm and getting dark. I looked forward to my evening meal, but they faced the prospect of more training that night.

This routine, and a similar one in Cambridge, repeated six days a week with weight sessions, runs and ergometers (rowing machines) in the evenings, brings out the best and worst in fatigued minds and bodies.

My questions about body shape and size were treated with suspicion and aggression. Muscles had grown and weight had been "redistributed"; some talked about decreases in bust size, more body hair and disruptions or terminations of the menstrual cycle. All of them were pleased with the fitness and body tone, and none regretted a moment of it.

More important were the constant references to the mental conditioning that the torturous regime had produced: hardness, toughness, self-motivation and greater determination. "Is this what makes a successful athlete?" I asked. The replies left me in no doubt that it was.

This determination is what made women first sit in racing eights, borrowed from male students, at the turn of the century. Those early female rowers battled against an unimpressed establishment with a will to prova that women could meet the demands of strenuous physical exercise.

Straightforward races were forbidden by the principals at Oxford in the 1920s and early '30s, but "style competitions" were sanctioned with points awarded for "body work, blade work, rhythm, style and speed."

As a way around the tedium of synchronised rowing, the boat club arranged races outside Oxford against crews from Reading, London and occasionally Cambridge – usually represented by Newnham. Transport and boats were hired or borrowed with expenses met by the women themselves.

Women's varsity rowing gradually gained in credibility, with blues first awarded in 1943. By 1947 the two universities had agreed to an annual race, with the blessing of the principals. The women's Boat Race had become serious stuff – if only for those directly involved.

The battle for recognition has still not been won, though – some boathouses and clubs will not admit women, while those that do often give them old equipment and poor facilities.

Small surprise, then, that most of the rowers in tomorrow's race at Henley will never sit in a boat once they have left university. This loss partly explains Britain's weakness at international level. Even determination has its limits when it goes unrecognised.

England can break the jinx

*What were you doing in 1963 – the year England last beat Wales in Cardiff, asks **John Kitching***

CAN YOU remember what you were doing on the day England last beat Wales at Cardiff? The date was January 19, the year 1963, remembered more readily perhaps for the Profumo affair and the Beatles' first hit than for the English victory. I recall only that I was in my last year at junior school and probably watched the game in black and white on our Bush 17".

It is so long ago that several of today's English team including the captain, Will Carling, 23 – were not born. Fly-half Rob Andrew was about four weeks old. So can these young men break the jinx? Twenty-six years say no; the form guide says emphatically yes.

That 1963 team was a strong one: Richard Sharp directing affairs from outside-half. But this 1989 side looks even better: particularly at forward. For both England and Scotland (who today play France in Paris), the Five-Nations' championship is at stake. And over and above that are places on the summer British Lions tour of Australia. But what today is perhaps most remarkable is that France are not in with even a shout of the championship.

The French have paid dearly for the methods of their coach Jacques Fouroux. Determined to turn his players into a bludgeon, he succeeded merely in nullifying all that is so exhilarating about French rugby: the likes of Blanco and Sella were often spectators as his pugilistic forwards, playing with all the subtlety of a flying mallet, fought and lost a battle with a much more mobile English eight. It was France's first defeat at English hands for seven years and their first at Twickenham for 10.

Today, the athletic and aggressive Scottish forwards, who seem committed to supplying good second phase ball to Chalmers and Armstrong at half-back, should get the better of the French juggernaut. But more of that later.

Let us return to the 26-year jinx of Cardiff: of which England manager, Geoff Cooke, needs little reminding. "The whole of Wales's pride will be at stake," he said. "The fact that they have lost three matches will make them even more determined, but we have the capacity to win."

And there is a good deal of truth in that. The forwards have been a revelation this season. A question mark remains over the backs, however, and why they have scored so few tries. Still, that is mere nitpicking, compared with Wales's difficulties. Their coach, John Ryan, went right to the heart of the principality's problems after their 31-12 defeat in Paris: "I think there is improvement in the side, though there are certain areas that need looking at, like scoring tries."

You can say that again, say several thousand supporters.

England go to Cardiff today with the same burden of high expectations that they bore for their opening match against Scotland. But to the question: Can they deliver? they have recently registered impressive responses.

Each of the England forwards has performed his specific task well. Paul Ackford, at lock, a former English literature teacher turned police inspector, has been excellent at the lineout, dwarfing, as it were, the "Blackpool Tower" and policeman, Wade Dooley. In the front row, recently-restored Gareth Chilcott, a former bad boy of rugby, is now a skilled, determined and even virtuous forward. He has held off the challenge of the admirable Jeff Probyn, who was concussed against Ireland, and the challenge of Laurent Rodriquez's teeth, one of which he thought had become embedded in his bald head during the French match.

Brian Moore, the Nottingham solicitor who is England's hooker, has demonstrated why he has remained first choice: his support play and aggression have complemented his important duties in the tight. Add to the likes of those grizzled characters, the incomparable Dean Richards and the back-in-form Andy Robinson, and you have a pack which has seen off France and is ready to do the same to Wales.

Have Wales got the players to counter the threat? Well, yes, but they don't seem to get selected. The entire Neath back would almost certainly perform better than the present national side equivalent; the same is probably true of the Llanelli eight. Bob Norster will do what he can in the lineout, but it is doubtful whether Welsh rucking will be as ruthlessly efficient as that of England's.

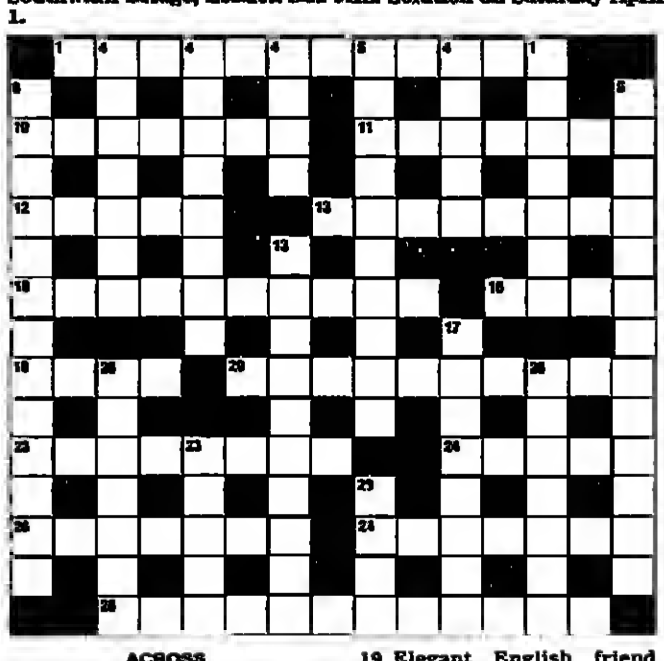
In the backs, all eyes will be on Englands's world class wing, Chris Oti. But the Lions' selectors will be at Cardiff and they will also be watching closely Mike Hall in the Welsh centre, Ieuan Evans on the wing, and Robert Jones at scrum-half. Wales's biggest problem this season is that the team has been so unsettled.

I take England to win today and to capture the Five Nations Championship, but will they have to share the honour with the Scots? I'd like to see the Scots win in Paris because I particularly admire their attitude to the game; but it will be hard for them, especially if Finlay Calder is unable to lead the side.

CROSSWORD

No. 6,888 Set by DINMUTZ

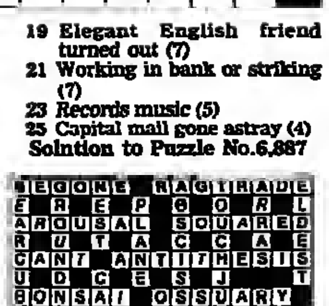
Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 29, marked Crossword 6,888 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 1.



ACROSS
1 Nearest point arranged for the award ceremony (12)
10 Chemical of no light degree, we hear (7)
11 Author not like denouement? (7)
12 One who has endless renown, possibly (5)
13 Tow-worthy? Find tug expert (8)
15 Stopping-signal intense around like perhaps (5-5)
16 Artificial language left for one revered (4)
18 Order brand catalogue (4)
20 Bud to marry using this knot? (5,5)
22 Child has hard lines finding soldiers (8)
24 Exhausted from such wrestling? (3,2)
26 Watch-glass seen in crescent (7)
27 No upright characters, these (7)
28 Handicap of Vedda against changes? (12)

DOWN
2 But this house could be around a square interior (7)
3 Nurse about to allow the main colour (3-5)
4 Miss born by day (4)
5 Cheeky aroma some common puddings possess? (5-5)
6 Home-rule relative? (2-3)
7 Handy place of retirement for a fakir (4-3)
8 Combines built in unusual way to be fire-resistant (13)
9 Poor condition? Try the LA sunshine treatment! (13)
14 F-fiancee? (4-6)
17 Rustic admits hospital game (8)
19 Elegant English friend turned out (7)
21 Working in bank or striking (7)
23 Records music (5)
25 Capital mail gone astray (4)

Solution to Puzzle No.6,887



Solution and winners of Puzzle No.6,876

Mr K. Bartley, Leatherhead, Surrey; Miss P. Buckley, Geneva, Switzerland; Mr P. Duckworth, Aberporth, Dyfed; Mrs S. Reed, Dunsby, Lincs; Mr T. Wheatcroft, London SW3.

The FT is moving at Easter; solvers should note the new address for prize crossword entries, printed above.

TELEVISION & RADIO

SATURDAY

BBC1 [illegible]

BBC2 [illegible]

LONDON [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

BBC RADIO 4 [illegible]

SUNDAY

BBC1 [illegible]

BBC2 [illegible]

LONDON [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

BBC RADIO 4 [illegible]